Revenues and expenses of intercollegiate athletics programs

Analysis of financial trends and relationships 1981-1985

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Preface and Acknowledgments

The 1986 edition of "Revenues and Expenses of Intercollegiate Athletics Programs" analyzes revenues and expenses of intercollegiate athletics programs of NCAA member institutions during the four-year period ending with fiscal year 1984-85. This report updates the financial trends previously published in 1982, 1978 and 1970. These four research studies provide 26 years of historical information concerning the revenue-expense structure, financial trends and profiles of intercollegiate athletics programs. The current publication should be of interest to administrators, policy-making groups and management-level personnel who are concerned with increasing program costs, resource allocation decisions and related matters of financing intercollegiate athletics programs.

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CHAPTER I
INTRODUCTION

To accomplish their educational and social objectives, intercollegiate athletics programs require significant commitments of human, physical and monetary resources. The administration of athletics programs employs thousands of individuals and involves significant annual expenditures and investments in physical facilities. Within the past several years, many athletics programs have been expanded by adding new sports, hiring more personnel and extending the opportunity for sports participation to a larger number of student-athletes. Many institutions offer more than 10 varsity sports. The annual cost to maintain an intercollegiate athletics program must be financed by funds generated by the athletics program or from other sources. The economic implications of managing an intercollegiate athletics program are of continuing significance to university administrators.

Objectives of the Study

When intercollegiate athletics programs are viewed as organizations requiring substantial financial commitment, their revenues, expenses and other financial relationships provide useful information for program administrators. For comparative evaluation purposes, these administrators can effectively use information concerning the revenue and expense trends of similar programs. Accordingly, there is a continuing need to document the revenue-expense trends and aggregate financial impact of intercollegiate athletics programs.

The primary purpose of this study is to analyze the revenues and expenses of NCAA intercollegiate athletics programs during fiscal years 1981-82 through 1984-85. Three similar research studies published by the NCAA in 1970, 1978 and 1982 provided comprehensive reports on financial trends during the 22-year period from 1959-60 through 1980-81. The 1986 edition of "Revenues and Expenses of Intercollegiate Athletics Programs" comparatively updates financial trend information regarding total program revenues and expenses, revenues and expenses directly related to major sports and certain nonfinancial data such as number of sports and number of participating athletes.

Specific objectives of this study are to:

1. Provide a statistical description of the significant revenue and expense categories that are typical of athletics programs.
2. Measure the trends and changes in principal revenues and expenses during the four-year period from 1981-82 through 1984-85.
3. Identify factors, conditions or developments that tend to explain the reasons underlying revenue-expense trends.
4. Extend, on a selective basis, certain financial information so that general trends from 1973 to 1985 are readily available to users of this report.
5. Determine any significant changes that have occurred in the general profile of athletics programs regarding sources of revenue and percentage composition of total operating expenses.

Research Methods

To obtain the necessary information for this study, a questionnaire was distributed to all 795 NCAA member institutions on October 1, 1985. The NCAA members were classified into six groups based upon the criteria of dominance of particular sports within the program and relative program strength as determined by the nature of scheduled opposition. The resulting classifications include colleges and universities that are relatively comparable in athletics program activities and underlying revenue-expense structure.

The classifications applied to member institutions on October 1, 1985, and related criteria follow:

Class A. This group includes 192 institutions classified Division I in football in accordance with the provisions of NCAA Bylaws 10 and 11 (1986-87 NCAA Manual). Such institutions must play more than 50 percent of their regular-season football games against other members of Division I in that sport. Division I-A and I-AA institutions are included in this group.

Class B. This classification includes 111 institutions classified Division II in football. The

distinction between Class A and B lies in the relative strength of scheduled football opponents. Of these 111 institutions, two are Division I members with their football programs classified Division II; the other 109 institutions are also classified Division II in other sports.

Class C. This group consists of 203 institutions classified Division III in football. Class B and C institutions differ in football primarily on the extent and nature of financial aid awarded and the relative degree of football competitiveness with similar colleges. Of these 203 institutions, 15 are Division I members with their football programs classified Division III; six are Division II members with football classified Division III, and the remaining 182 members are classified Division III in football and other sports.

Class D. This category includes 69 institutions that do not sponsor intercollegiate football and are classified Division I in basketball and other sports.

Class E. This class consists of 81 institutions that do not sponsor intercollegiate football and are classified Division II in basketball and other sports.

Class F. The final grouping includes 139 institutions that do not sponsor intercollegiate football and are classified Division III in basketball and other sports.

A total of 406 institutions, representing 51 percent of the NCAA institutional membership, returned completed questionnaires. Table 1.1 summarizes the respondents by assigned category A through F and other principal characteristics. This summary shows that the 406 respondents are distributed approximately in accordance with the assigned class structure of all 795 NCAA members. For example, Class C institutions represented 26 percent of the total NCAA members, and they provided 24 percent of the completed questionnaires. A proportionate representation by each respondent category is desirable but not essential, since the information in this study is summarized for each specific class of institution.

The questionnaire requested revenue and expense information for selected years. Total revenues and total operating expenses were obtained for fiscal years ending in 1982, 1983, 1984 and 1985. Most other financial data and operating information were obtained only for the fiscal year ending in 1985. Thus, most financial trend information is presented for comparative purposes in four-year intervals, such as 1977, 1981 and 1985.

Many institutions have differing fiscal years, but the data included in this study cover 12-month intervals for all respondents. The general designation of fiscal year 1984-85 refers to a 12-month accounting period that began in 1984 and ended in 1985. This 12-month period is designated in this study as fiscal year 1985.

Comparative Profile of Athletics Programs

To indicate the comparative general profile of each respondent category, Table 1.2 presents financial and operational highlights for fiscal years 1981 and 1985. Average total revenues and expenses increased substantially during the period 1981-1985. Most respondent categories also reported an increase in number of participating athletes between 1981 and 1985. Except for Class A, average total expenses in 1985 exceeded average total revenues in every class. The comparative financial highlights in Table 1.2 support the opinion expressed by 62 percent of all respondents that the problem of increased costs for athletics programs is serious and

TABLE 1.1
SUMMARY OF PARTICIPATING INSTITUTIONS
December 30, 1985

Respondent Category	NCAA Membership on September 1, 1985		Number of Respondents	Percentage of 406	Number of Responding Institutions			
	Number	Percentage			Government Supported	Privately Financed	Conference Members	Independents
Class A Institutions	192	24%	143	35%	102	41	135	8
Class B Institutions	111	14	37	9	29	8	30	7
Class C Institutions	203	26	95	24	13	82	79	16
Class D Institutions	69	9	34	8	14	20	29	5
Class E Institutions	81	10	28	7	15	13	18	10
Class F Institutions	139	17	69	17	26	43	29	40
Response Rate	795	100%	406	100%	199	207	320	86
406 of 795 = 51%		Percentage of 406 Respondents			49%	51%	79%	21%

that methods are needed to control major expenses and to eliminate unnecessary costs. In 1981, 72 percent of all respondents expressed the same opinion, compared with 65 percent expressing this opinion in 1977 and 56 percent in 1969.

In 1977, the growth of women's intercollegiate sports was becoming a significant factor in many athletics programs. The revenues and expenses of women's athletics programs were analyzed separately in the 1978 and 1982 reports. In 1985, many Class A respondents reported women's programs with annual operating expenses in excess of $750,000, sponsorship of at least 10 sports and more than 100 participating athletes. The financial profiles in Table 1.2 and throughout this study relate only to men's intercollegiate sports unless specifically indicated otherwise. Information concerning women's athletics programs is reported in Chapter IV. Respondents were directed to report men's athletics program information separately so that the information in this study would be comparable with previously reported trends.

Organization of the Report

The questionnaire used in this survey contained four parts:

Part I — General Information
Part II — Organization and Activity Data
Part III — Revenue and Expense Information (Men's Program)
Part IV — Information Concerning Women's Intercollegiate Sports

Part I of the questionnaire presented 10 questions about program objectives, financial policies and specific factors affecting financial trends. Replies to these questions are reported throughout the study. Part I of the questionnaire and tabulated replies are presented for reference purposes in Appendices A and B, respectively.

Revenue trends and related information are discussed in Chapter II. Chapter III presents expense trends and related analysis. Revenue and expense relationships are analyzed in Chapter IV. It should be emphasized that averages are used extensively throughout the study. Individual institutions may have experienced revenue and expense patterns different from those shown by averages for a group of respondents. In many cases, averages are supplemented with detailed frequency distributions that summarize data reported by all respondents. To the extent that conclusions are based upon average measures, these conclusions are generalizations and represent an overall pattern that specific institutions can employ for comparative self-assessment of their own financial trends.

TABLE 1.2
FINANCIAL AND OPERATIONAL HIGHLIGHTS
Fiscal Years 1981 and 1985
(Dollar Amounts in Thousands)

Financial and Operational Measures*	Class A	Class B	Class C	Class D	Class E	Class F
Average Total Revenues						
Fiscal year 1985 (1984-85)	$4,801	$419	$ 71	$598	$282	$129
Fiscal year 1981 (1980-81)	3,391	248	56	476	102	30
Percentage increase	42%	69%	27%	26%	176%	330%
Average Total Expenses						
Fiscal year 1985	$4,609	$719	$339	$878	$418	$182
Fiscal year 1981	3,243	392	249	631	232	144
Percentage increase	42%	83%	36%	39%	80%	26%
Average Number of Sports						
Fiscal year 1985	12	10	12	12	9	10
Fiscal year 1981	12	10	11	9	8	9
Average Number of Athletes						
Fiscal year 1985	356	271	297	175	151	175
Fiscal year 1981	343	305	294	150	147	169

*Unless indicated otherwise, all information reported in this study involves only men's athletics programs.

CHAPTER II
ANALYSIS OF REVENUES

Revenue is a financial measure of gross income earned and certain other funds collected by an organization. For profit-oriented business enterprises, revenue is gross income earned through the process of providing goods and services in exchange for a specified price. For nonprofit organizations, revenue includes earned gross income and all other additions to resources that do not increase liabilities, do not represent the recovery of expenditures and do not represent contributions to capital. This latter concept has been used to define revenues of intercollegiate athletics programs.

Revenues of an athletics program include ticket sales for athletics events, student activity fees, broadcasting fees from television and radio, income from investments and other receipts that are intended to support operations of the program, such as alumni contributions and government appropriations. Revenues include guarantees and options received by an institution from opposing teams under game contracts. Amounts paid to visiting teams under game contracts were to be included in

TABLE 2.1
MEDIAN AND MEAN TOTAL REVENUES
Fiscal Years 1978-1985
(Dollar Amounts in Thousands)

Revenue Measures by Respondent Category	1978	1979	1980	1981	1982	1983	1984	1985
Class A Institutions								
Median total revenues	$1,794	$1,945	$2,103	$2,509	$2,692	$2,790	$3,055	$3,239
Mean total revenues	2,368	2,581	2,959	3,391	3,533	4,175	4,597	4,801
Annual percentage change (a)	8%	9%	15%	15%	4%	18%	10%	4%
Class B Institutions								
Median total revenues	$ 110	$ 109	$ 118	$ 119	$ 144	$ 141	$ 172	$ 230
Mean total revenues	164	182	212	248	288	317	359	419
Annual percentage change	−47%	11%	17%	17%	16%	10%	13%	17%
Class C Institutions								
Median total revenues	$ 10	$ 11	$ 13	$ 13	$ 9	$ 9	$ 11	$ 16
Mean total revenues	40	45	51	56	34	43	44	71
Annual percentage change	−27%	12%	14%	10%	−37%	26%	2%	61%
Class D Institutions								
Median total revenues	$ 193	$ 301	$ 351	$ 357	$ 225	$ 240	$ 275	$ 295
Mean total revenues	277	343	384	476	395	454	470	598
Annual percentage change	41%	24%	12%	24%	−17%	15%	4%	27%
Class E Institutions								
Median total revenues	$ 36	$ 39	$ 51	$ 52	$ 42	$ 47	$ 57	$ 138
Mean total revenues	74	77	86	102	161	182	206	282
Annual percentage change	9%	4%	12%	18%	58%	13%	13%	37%
Class F Institutions								
Median total revenues	$ 12	$ 10	$ 6	$ 10	$ 5	$ 10	$ 12	$ 41
Mean total revenues	24	26	29	30	87	78	83	129
Annual percentage change	−38%	8%	12%	5%	190%	−10%	6%	55%

(a) Annual percentage change based on average total revenues.

operating expenses. Sections in this chapter analyze total revenues of athletics programs, revenues classified by source, revenues classified by sport, and revenue sources for the major sports of football and basketball. The Revenues Graphics Section at the end of this chapter summarizes important revenue relationships for each respondent group.

Analysis of Total Revenues

Total revenues for the four-year period 1982-85 and other selected years are analyzed in the following tables:

- Table 2.1—Median and Mean Total Revenues
- Table 2.2—Frequency Distributions for Total Revenues
- Table 2.3—Summary Analysis of Total Revenues
- Table 2.4—Revenue Trends and General Price-Level Changes
- Table 2.5—Estimated Aggregate Revenues
- Table 2.6—Forecasts of Average Total Revenues

Total Revenue Trends

Mean and median total revenues are presented by respondent category in Table 2.1 for the eight-year period from 1978 to 1985. Average total revenues usually exceed the median revenue because the averages are influenced by comparatively larger revenue amounts reported by some institutions in each category. Both mean and median total revenues indicate a general pattern of annual revenue growth for all respondents. Average total revenues of Class B, C and F indicate a significant percentage decrease between 1977 and 1978. In part, this decrease is explained by past changes in the division or class structure of NCAA member institutions. Changes in division membership and changes in sample composition explain the lack of comparability between average revenues in 1977 and 1978 for Class B, C and F institutions.

Frequency distributions for total revenues in 1985 are shown in Table 2.2. These distributions indicate the spread, or dispersion, in total revenue data reported by each class and are useful interpre-

TABLE 2.2
FREQUENCY DISTRIBUTIONS FOR TOTAL REVENUES
Fiscal Year 1985
(Dollar Amounts in Thousands)

Class A Group

More Than	Less Than	Number
$ 0	$ 1,000	17
1,000	2,000	31
2,000	3,000	20
3,000	4,000	13
4,000	5,000	4(M)
5,000	6,000	8
6,000	7,000	8
7,000	8,000	12
8,000	9,000	4
9,000		25
		142

Class B Group

More Than	Less Than	Number
$ 0	$ 100	7
100	200	8
200	300	2
300	400	4
400	500	2(M)
500	600	4
600	700	2
700	800	1
800	900	1
900		5
		36

Class C Group

More Than	Less Than	Number
$ 0	$ 10	30
10	20	12
20	30	11
30	40	2
40	50	4
50	60	2
60	70	1
70	80	0(M)
80		16
		78

Class D Group

More Than	Less Than	Number
$ 0	$ 100	8
100	150	2
150	200	2
200	250	4
250	300	1
300	350	0
350	400	2
400	450	2
450	500	1
500		12(M)
		34

Class E Group

More Than	Less Than	Number
$ 0	$ 50	8
50	100	1
100	150	3
150	200	0
200	250	1
250	300	2(M)
300	350	2
350	400	0
400	450	1
450		6
		24

Class F Group

More Than	Less Than	Number
$ 0	$ 25	19
25	50	5
50	75	2
75	100	2
100	125	3
125	150	1(M)
150	175	2
175	200	4
200	225	0
225		6
		44

(M) Indicates revenue interval corresponding with average total revenues for 1985.

tive supplements to the mean and median amounts shown in Table 2.1. The frequency distributions reveal a significant range in total revenues reported by each class for 1985. For example, 17 Class A institutions reported total revenues of $1 million or less, and 25 respondents in this group had total revenues exceeding $9 million. In contrast, 30 Class C institutions had total revenues of $10,000 or less. In general, the frequency distributions permit a specific institution to evaluate its total revenues in relation to other institutions in the same category.

The highest and lowest amounts of total revenues reported in 1985 are shown in Table 2.3 in comparison with average total revenues of each class. This table also includes a compound annual growth rate applicable to average total revenues of each class during the period 1982-1985. A compound annual growth rate is the annual percentage increase that explains the change in average total revenues between 1982 and 1985. For example, Class A average revenues increased from $3,533,000 in 1982 to $4,801,000 in 1985. The equal annual percentage growth rate that explains this increase is 11 percent.[1] The actual percentage change in average annual revenues tends to vary, as shown in Table 2.1. Compound annual growth rates are convenient measures that summarize the general revenue growth shown by each respondent category between 1982 and 1985.

Evaluation of Revenue Growth

Revenue growth during the period 1982-1985 can be evaluated by comparison with general inflationary trends. Inflation or general price-level changes affect the comparability of revenue trends over a period of years. Almost all financial information for athletics programs involves the inflow of revenues and spending of funds on a current annual basis. Historical trends of revenues and expenses therefore are affected by changes in the general price level of the economy. Over a series of years, price-level changes would cause increased annual expenses for an athletics program that perhaps experienced no real increase in the quantity of goods and services used. Since most athletics programs generate revenues to recover operating expenses, revenue trends are likewise affected by inflationary trends that reduce the purchasing power of money.

As an indicator of the general price level in the United States, the most comprehensive index is the Gross National Product (GNP) price deflator compiled by the United States Department of Commerce. During the period from 1982 through 1985, based on fiscal years approximating those applicable to universities, the average GNP price index increased 12 percent. The cumulative change during this period is approximately equal to an annual increase of four percent in the general price level. Accordingly, an athletics program with an annual growth rate in revenues of less than four percent failed to maintain its relative ability to acquire goods and services with those funds.

Revenue trends and general price-level changes for the period 1982-1985 are compared in Table 2.4. The average GNP price index was restated for comparative purposes such that the average index for fiscal year 1982 is 100 percent. For each respondent category, average total revenues are shown as a percentage of 1982 average revenues, based both on actual dollar amounts and on revenues restated to the average price level of fiscal year 1982.

The *adjusted base-year ratio* in Table 2.4 indicates the cumulative change in average total revenues based on a constant-dollar measure using the average price level of fiscal year 1982. Restatement of average revenues in constant dollars eliminates the inflationary effect that was partly responsible for revenue growth measured in actual dollars. The adjusted base-year ratio is a measure of real reve-

TABLE 2.3
SUMMARY ANALYSIS OF TOTAL REVENUES
Fiscal Year 1985
(Dollar Amounts in Thousands)

Respondent Category	Total Revenues For 1985			1982-85 Compound Growth Rate*
	High	Average	Low	
Class A Institutions	$16,220	$4,801	$181	11%
Class B Institutions	1,380	419	17	14%
Class C Institutions	1,551	71	1	28%
Class D Institutions	2,379	598	2	15%
Class E Institutions	1,120	282	1	20%
Class F Institutions	1,514	129	1	14%

*The annual growth rate that explains the change in average revenues between 1982 and 1985.

[1]Thus, $4,801,000 = $3,533,000 $(1 + 11\%)^3$ as a basic application of present value concepts. Compound growth rates in Table 2.3 were rounded to the nearest whole percent.

nue growth, because it is based on a constant unit of measurement (the 1982 average price level). It should be noted that base-year ratios in Table 2.4 would be the same even if revenues were restated to the price level of another time period, such as fiscal year 1985.

Base-year ratios in Table 2.4 should be interpreted as follows. For Class A, 1985 average revenues are 136 percent of the 1982 average, which indicates a 36 percent increase in actual revenues. When the effect of inflation is eliminated, Class A revenues in 1985 are 121 percent of 1982 average revenues. In general terms, this 21 percent increase in the adjusted base-year ratio represents real revenue growth caused by increased attendance at athletics events or other revenue increases that exceeded changes in the general price level. During the period 1982-1985, a 12 percent increase in actual revenues was required to maintain revenue growth at a rate equal to general price-level changes measured by the GNP price index. For 1985, the actual base-year ratio of each class is greater than 112 percent, which indicates that revenue growth for all respondent categories exceeded changes in the general price level. An adjusted base-year ratio below 100 percent would indicate a decrease in total revenues when adjusted for inflation.

TABLE 2.5
ESTIMATED AGGREGATE REVENUES
Fiscal Year 1985
(Dollar Amounts in Thousands)

Respondent Category	Number of Members	Average Total Revenues 1985	Estimated Aggregate Revenues
Class A Institutions	192	$4,801	$ 921,792*
Class B Institutions	111	419	46,509
Class C Institutions	203	71	14,413
Class D Institutions	69	598	41,262
Class E Institutions	81	282	22,842
Class F Institutions	139	129	17,931
	795		$1,064,749

*(192 × $4,801 = $921,792)

Revenue Estimates and Forecasts

To measure the general economic significance of athletics programs, aggregate total revenues of all NCAA member institutions in fiscal year 1985 are estimated in Table 2.5. Assuming that the respondents from each class are a representative sample, the estimate of aggregate total revenues collected by all NCAA members during fiscal year 1985 is

TABLE 2.4
REVENUE TRENDS AND GENERAL PRICE-LEVEL CHANGES
Fiscal Years 1982-1985

Average Total Revenues as a Percentage of 1982 Average Revenues	1982	1983	1984	1985
Average Price-Level Index (a)	100%	104%	108%	112%
Class A Institutions				
Actual base-year ratio (b)	100%	118%	130%	136%
Adjusted base-year ratio (c)	100	114	120	121
Class B Institutions				
Actual base-year ratio	100	110	125	145
Adjusted base-year ratio	100	106	115	129
Class C Institutions				
Actual base-year ratio	100	126	129	209
Adjusted base-year ratio	100	121	119	187
Class D Institutions				
Actual base-year ratio	100	115	119	151
Adjusted base-year ratio	100	111	110	135
Class E Institutions				
Actual base-year ratio	100	113	128	175
Adjusted base-year ratio	100	109	118	156
Class F Institutions				
Actual base-year ratio	100	90	95	148
Adjusted base-year ratio	100	87	88	132

(a) Average Gross National Product price deflator for fiscal years ending June 30 restated such that 1982 = 100 percent.
(b) Average total revenues as a percentage of 1982 average revenues with no adjustment for inflation.
(c) Revised base-year ratio using average total revenues stated in terms of the average price level during 1982.

$1.06 billion. Most institutions reported total revenues that were less than total operating expenses. Aggregate total expenses for 1985 were estimated by similar procedures to be approximately $1.2 billion for all NCAA members.

Based upon analysis of past revenue trends, forecasts of average total revenues were developed for each respondent category. Forecasts of average total revenues for 1986 through 1989 are presented in Table 2.6. For fiscal year 1989, average revenue forecasts are: $7,030,000 for Class A; $650,000 for Class B; $112,000 for Class C; $940,000 for Class D; $420,000 for Class E, and $175,000 for Class F. The forecasts assume that economic and institutional factors influencing past trends will continue to affect future revenues. The predictive accuracy of these forecasts cannot be assured, but the estimates provide useful information about potential revenues to be expected in future years.

Analysis of Revenue Sources

Intercollegiate athletics programs typically derive a significant portion of earned revenues from gate receipts and similar proceeds related to sports

TABLE 2.6
FORECASTS OF AVERAGE TOTAL REVENUES
Fiscal Years 1986-1989
(Dollar Amounts in Thousands)

Respondent Category	1985 Average Revenues	Forecast of Average Total Revenues 1986	1987	1988	1989
Class A Institutions	$4,801	$5,300	$5,800	$6,400	$7,030
Class B Institutions	419	470	525	590	650
Class C Institutions	71	80	90	100	112
Class D Institutions	598	670	750	840	940
Class E Institutions	282	315	350	390	420
Class F Institutions	129	140	150	160	175

TABLE 2.7
ANALYSIS OF PRINCIPAL REVENUE SOURCES
Fiscal Year 1985
(Dollar Amounts in Thousands)

Average Amount in 1985 and Percentage of Total Revenues in 1985	Class A	Class B	Class C	Class D	Class E	Class F
Total ticket sales not reduced by contract settlements	$1,829	$ 94	$ 25	$168	$ 16	$ 15
Percentage of total	38%	22%	30%	27%	5%	8%
Student activity fees for athletics admissions	$ 566	$212	$ 96	$404	$172	$109
Percentage of total	5%	27%	17%	26%	15%	14%
Student assessments unrelated to admissions	$ 630	$169	$118	$454	$188	$166
Percentage of total	4%	8%	16%	11%	14%	33%
Guarantees and options received	$ 435	$ 24	$ 6	$ 28	$ 14	$ 3
Percentage of total	8%	4%	4%	5%	3%	1%
Contributions from alumni and others	$ 712	$ 55	$ 22	$ 81	$ 40	$ 47
Percentage of total	13%	8%	10%	10%	10%	13%
Distributions from conferences and other associations	$ 753	$ 19	$186	$ 45	$ 5	$ 15
Percentage of total	13%	2%	13%	4%	1%	1%
Direct state or other governmental support	$ 736	$284	$ 44	$ 87	$278	$144
Percentage of total	5%	17%	2%	1%	33%	13%
All other revenues	$ 768	$ 72	$ 20	$142	$110	$ 62
Percentage of total	14%	12%	8%	16%	19%	17%

events. Other earned revenue sources include student activity fees, which grant admission to athletics events, and contract settlements in the form of guarantees and options. As summarized in Tables 2.7 and 2.8, there are seven specific revenue sources that explain a substantial percentage of total revenues. These revenue sources are:

1. Total ticket sales to public, students and university staff, not reduced by guarantees subsequently paid.
2. Student activity fees covering admissions, not included in 1.
3. Student activity fees or assessments not related to athletics admissions.
4. Guarantees and options received.
5. Contributions from alumni and others.
6. Distributions from conference or other associations for bowl games, tournaments or television.
7. Direct state or other government support.

Principal Revenue Sources

The seven revenue sources described above are analyzed in Tables 2.7 and 2.8. For fiscal year 1985, these seven revenue sources accounted for 86 percent of Class A revenues, 88 percent for Class B, 92 percent for Class C, 84 percent for Class D, 81 percent for Class E and 83 percent for Class F. The respondent categories differ as to sources of revenue that provide the major portion of financial support for athletics programs. Class A institutions obtain significant revenue amounts from ticket sales and game contract settlements. The other respondent groups rely more upon student activity fees and assessments as primary revenue sources.

For 1985, Table 2.7 shows the average dollar amount of each revenue source and aggregate percentage relationship to total revenues. The averages are based on the number of institutions providing data for each revenue source. The percentage measures are based on aggregate revenue data provided by all respondents. Thus, for Class A, average guarantees and options were $435,000 and average student assessments were $630,000. Guarantees and options in total represented eight percent of total revenues from all sources, while student assessments were only four percent of total revenues of all Class A respondents. The average amount of a specific revenue source may not coincide in significance with its percentage of total revenues. Percentage of total revenues is affected by the number of institutions reporting a particular revenue source and by the dollar amounts reported.

The percentage composition of total revenues classified by source is summarized in Table 2.8 for fiscal years 1977, 1981 and 1985. In general, four of the revenue sources are specifically related to athletics events: ticket sales, activity fees, guarantees and options, and distributions from conferences and other associations. On a combined basis, these four revenue sources have decreased as a percentage of total revenues for Class A, as shown by the follow-

TABLE 2.8
REVENUE SOURCES AS A PERCENTAGE OF TOTAL REVENUES
Fiscal Years 1977, 1981 and 1985

Revenue Sources as a Percentage of Total Revenues	Class A Group			Class B Group			Class C Group		
	1977	1981	1985	1977	1981	1985	1977	1981	1985
Total Ticket Sales	47%	43%	38%	16%	23%	22%	27%	26%	30%
Student Activity Fees	7	6	5	21	20	27	6	12	17
Student Assessments	2	2	4	7	17	8	24	26	16
Guarantees and Options	12	10	8	4	5	4	3	5	4
Contributions from Alumni	10	11	13	5	4	8	2	7	10
Distributions — Special Events	10	10	13	1	2	2	1	9	13
Government Support	2	6	5	28	25	17	21	2	2
All Other Revenues	10	12	14	18	4	12	16	11	8
Annual Total = 100%									

Revenue Sources as a Percentage of Total Revenues	Class D Group			Class E Group			Class F Group		
	1977	1981	1985	1977	1981	1985	1977	1981	1985
Total Ticket Sales	23%	34%	27%	12%	14%	5%	12%	2%	8%
Student Activity Fees	12	17	26	40	9	15	51	13	14
Student Assessments	9	10	11	1	32	14	4	56	33
Guarantees and Options	8	4	5	4	3	3	4	1	1
Contributions from Alumni	7	14	10	8	12	10	2	4	13
Distributions — Special Events	17	5	4	1	1	1	1	2	1
Government Support	0	5	1	26	26	33	24	14	13
All Other Revenues	4	11	16	8	3	19	2	8	17
Annual Total = 100%									

ing summary derived from Table 2.8.

Respondent Category	Combined Percentage of Total Revenues Related to Athletics Events (4 Sources)		
	1977	1981	1985
Class A	76%	69%	64%
Class B	42	50	55
Class C	37	54	64
Class D	60	60	62
Class E	57	27	24
Class F	68	18	24

Except for Class A, the four revenue sources related to athletics events generally increased as a percentage of total revenues between 1981 and 1985. The remaining revenue sources are unearned or passive in nature: student assessments, contributions and government support. Between 1977 and 1985, these unearned revenue sources decreased in relative significance to total revenues for all respondents except Class A. This trend is shown by the following summary developed from Table 2.8.

Respondent Category	Unearned or Passive Revenues as Percentage of Total Revenues (3 Sources)		
	1977	1981	1985
Class A	14%	17%	22%
Class B	40	46	33
Class C	47	35	28
Class D	16	29	22
Class E	35	71	57
Class F	30	74	59

Direct Government Support

Of the 406 respondents included in this study, 49 percent are government-supported institutions. Direct government support is a source of unearned revenues that is applicable to many institutions but not applicable to others. The following tabulation compares the percentages of government-supported institutions included in the 1981 and 1985 surveys.

Respondent Category	Government-Supported Institutions as a Percentage of Respondents		Government Support as a Percentage of Total Revenues	
	1981	1985	1981	1985
Class A	72%	71%	6%	5%
Class B	74	78	25	17
Class C	13	14	2	2
Class D	38	41	5	1
Class E	48	54	26	33
Class F	47	38	14	13

Regarding government support as a revenue source, respondents indicated whether their athletics programs receive any financial support from a state or other governmental unit. The following response summary is based on replies from the government-supported institutions (Questionnaire Part I, Questions 1 and 2).

Government-Supported Institutions	Percentage of Respondent Category					
	A	B	C	D	E	F
Receive government support for athletics:						
1981 response rate	78%	75%	100%	62%	53%	62%
1985 response rate	59	79	77	54	71	39

Most government-supported institutions continue to receive direct government support for intercollegiate athletics. In Table 2.9, revenue sources as a percentage of total revenues are compared for government supported and privately financed institutions.

Policies Affecting Revenues

The questionnaire in Part I requested information concerning several policies and operating practices that affect various revenue sources. Response summaries for these questions are provided as qualitative information to supplement the financial

TABLE 2.9
REVENUE SOURCES OF GOVERNMENT-SUPPORTED AND PRIVATELY FINANCED INSTITUTIONS
Fiscal Year 1985

Revenue Sources as a Percentage of Total Revenues	Class A		Class B		Class C		Class D		Class E		Class F	
	Gov.	Prvt.	Gov.	Prvt.	Gov.	Prvt.	Gov.	Prvt.	Gov.	Prvt.	Gov.	Prvt.
Total Ticket Sales	37%	39%	17%	54%	12%	36%	12%	41%	6%	3%	7%	10%
Student Activity Fees	6	3	28	20	38	9	51	4	19	7	12	26
Student Assessments	5	1	9	0	38	9	9	13	11	19	38	0
Guarantees and Options	8	9	4	6	1	5	4	5	4	2	1	3
Contributions from Alumni	12	15	9	7	2	13	11	9	8	13	12	20
Distributions — Special Events	11	17	1	5	1	17	1	5	1	1	0	4
Government Support	6	1	20	0	6	0	3	0	42	15	14	5
All Other Revenues	15	15	12	8	3	11	9	23	9	40	16	32
Total Revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

analysis of revenue sources.

(Part I, Question No. 5) "For your major sports, are admission rights, by ticket or other means, assessed to students on a mandatory basis through fees collected during student registration?"

"Yes" Replies	A	B	C	D	E	F
1981 survey	57%	58%	32%	52%	36%	30%
1985 survey	52	54	30	68	43	26

(Part I, Question No. 6) "For your major sports, are season tickets or other rights to admission sold to students on an optional basis only?"

"Yes" Replies	A	B	C	D	E	F
1981 survey	45%	36%	14%	33%	29%	9%
1985 survey	49	30	11	27	18	14

(Part I, Question No. 7) "Is some portion of a general activity fee paid by students allotted to the athletics department without entitling students to admission to athletics events?"

"Yes" Replies	A	B	C	D	E	F
1981 survey	22%	26%	9%	19%	7%	14%
1985 survey	26	11	3	6	4	9

Questions 5 and 6 relate to ticket sales and student activity fees providing admission to games in major sports. The most prevalent policy continues to be mandatory student fees that confer admission rights. The activity fees in question No. 7 involve student assessments unrelated to athletics admissions. As a policy trend, fewer institutions are allotting some portion of general student activity fees to their athletics programs.

Revenues Classified By Sport

Individual sports such as football, basketball and others are the primary organizational units within an athletics program. Each sport uses financial resources to conduct its activities and may generate revenues that contribute to the financial requirements of the athletics program. Many revenue sources, such as ticket sales, guarantees and options, concessions, advertising and broadcasting fees, can be associated directly with specific sports. Other revenues, such as student activity fees, contributions, investment income and direct government support, may not be identifiable with specific sports. Average revenues related to major sports and their percentage contribution to total revenues are reported in Table 2.10 for fiscal years 1981 and 1985. Member institutions were asked to disclose revenues clearly identified with football, basketball and all other sports combined, along with the residual amount of total revenues not related to specific sports.

The percentage of total revenues represented by football and basketball in fiscal years 1973 through 1985 is summarized in Table 2.11. For comparative purposes, revenues from sports other than football

TABLE 2.10
TOTAL REVENUES CLASSIFIED BY SPORT
Fiscal Years 1981 and 1985
(Dollar Amounts in Thousands)

Average Revenue Amounts and Percentage of Total Revenues	Football Revenues		Basketball Revenues		Revenues From Other Sports		Revenues Not Related to Specific Sports		Total Revenues
	Average	Percent	Average	Percent	Average	Percent	Average	Percent	
Class A Institutions									
Fiscal year 1981	$1,919	56%	$445	13%	$143	4%	$ 951	27%	100%
Fiscal year 1985	2,530	53	714	15	164	3	1,534	29	100
Class B Institutions									
Fiscal year 1981	$ 62	28%	$ 26	12%	$ 45	12%	$ 182	48%	100%
Fiscal year 1985	92	22	64	15	102	20	240	43	100
Class C Institutions									
Fiscal year 1981	$ 9	17%	$ 23	41%	$ 22	20%	$ 26	22%	100%
Fiscal year 1985	11	14	32	39	22	11	60	36	100
Class D Institutions									
Fiscal year 1981	NA		$284	59%	$ 42	6%	$ 278	35%	100%
Fiscal year 1985			329	51	69	8	375	41	100
Class E Institutions									
Fiscal year 1981	NA		$ 19	19%	$ 26	15%	$ 97	66%	100%
Fiscal year 1985			65	22	105	22	223	56	100
Class F Institutions									
Fiscal year 1981	NA		$ 3	5%	$ 20	15%	$ 78	80%	100%
Fiscal year 1985			52	42	34	13	95	45	100

TABLE 2.11
PERCENTAGE ANALYSIS OF TOTAL REVENUES CLASSIFIED BY SPORT
Fiscal Years 1973-1985

Functional Sources of Revenue by Respondent Category	1973	1977	1981	1985
Class A Institutions				
Football revenues	66%	62%	56%	53%
Basketball revenues	9	12	13	15
All other revenues	25	26	31	32
Class B Institutions				
Football revenues	31%	30%	28%	22%
Basketball revenues	14	15	12	15
All other revenues	55	55	60	63
Class C Institutions				
Football revenues	29%	24%	17%	14%
Basketball revenues	39	34	41	39
All other revenues	32	42	42	47
Class D Institutions				
Basketball revenues	64%	66%	59%	51%
All other revenues	36	34	41	49
Class E Institutions				
Basketball revenues	43%	29%	19%	22%
All other revenues	57	71	81	78
Class F Institutions				
Basketball revenues	7%	10%	5%	42%
All other revenues	93	90	95	58

and basketball and all remaining revenues have been combined in this table. As a percentage of total revenues, the relative amount provided by football revenues has declined in all applicable classes since 1973. The general trend in Table 2.11 toward a larger percentage of *all other revenues* is attributed to increases in revenues not traceable to particular sports, such as contributions and government support.

Analysis of Football Revenues

Revenues derived from football for Classes A, B and C respondents are analyzed in the following three exhibits:

- Table 2.12—Analysis of Trends in Football Revenues
- Table 2.13—Summary Analysis of Football Revenues
- Table 2.14—Percentage Composition of Football Revenues

Average football revenues increased significantly for Class A respondents between 1973 and 1985. Football revenues as a percentage of total revenues declined consistently for each respondent category. For Class A and B, average football revenues increased, but at a slower rate than the growth in total revenues. Between 1981 and 1985, average total revenues increased 42 percent for Class A, but football revenues increased only 32 percent. The result is that football revenues have decreased as a percentage of total revenues for Class A, B and C.

TABLE 2.12
ANALYSIS OF TRENDS IN FOOTBALL REVENUES
Fiscal Years 1973-1985
(Dollar Amounts in Thousands)

Revenue Measures by Respondent Category	1973	1977	1981	1985
Class A Institutions				
Average football revenues	$1,028	$1,333	$1,919	$2,530
Percentage of total revenues	66%	62%	56%	53%
Ratio to 1973 revenues	100	130	187	246
Class B Institutions				
Average football revenues	$ 64	$ 88	$ 62	$ 92
Percentage of total revenues	31%	30%	28%	22%
Ratio to 1973 revenues	100	138	97	144
Class C Institutions				
Average football revenues	$ 13	$ 10	$ 9	$ 11
Percentage of total revenues	29%	24%	17%	14%
Ratio to 1973 revenues	100	77	69	85

Total ticket sales, student activity fees and other specific revenue sources in football are summarized for 1981 and 1985 in Table 2.14. As a combined percentage of total football revenues, the six revenue sources in Table 2.14 accounted for 92 percent of Class A football revenues in fiscal year 1985, 87 percent for Class B and 91 percent for Class C. The percentage composition of Class A football revenues remained relatively constant. For Class A, B and C institutions, football ticket sales decreased on a percentage basis and student activity fees related to football increased on a percentage basis between 1981 and 1985.

Analysis of Basketball Revenues

Revenues derived from basketball are analyzed in the following three exhibits:

- Table 2.15—Analysis of Trends in Basketball Revenues
- Table 2.16—Summary Analysis of Basketball Revenues
- Table 2.17—Percentage Composition of Basketball Revenues

Average basketball revenues increased significantly between 1973 and 1985 for all respondents, as indicated in Table 2.15. For the Class A group, basketball revenues increased from nine percent to 15 percent of total revenues. For the Class D group, basketball revenues decreased from 64 percent to 51 percent of total revenues. Class A and Class D include institutions reporting more than $1 million in basketball revenues for fiscal year 1985.

Specific revenue sources as a percentage of total basketball revenues are compared for fiscal years 1981 and 1985 in Table 2.17. Six major revenue sources in basketball were defined as follows:

1. Total ticket sales to public, students and university staff, not reduced by guarantees paid and excluding student activity fees.
2. Student activity fees.
3. Guarantees and options received.
4. Contributions from alumni and others.
5. Broadcasting and sponsors' fees from television, collected directly or by conference distribution.
6. Direct state or other government support.

TABLE 2.13
SUMMARY ANALYSIS OF FOOTBALL REVENUES

Fiscal Years 1981 and 1985
(Dollar Amounts in Thousands)

Respondent Category	Average Revenues 1981	Average Revenues 1985	Percentage Increase	1985 Revenue Range High	1985 Revenue Range Low
Class A Institutions	$1,919	$2,530	32%	$10,700	$10
Class B Institutions	62	92	48%	402	5
Class C Institutions	9	11	22%	57	1

TABLE 2.14
PERCENTAGE COMPOSITION OF FOOTBALL REVENUES

Fiscal Years 1981 and 1985

Sources of Football Revenues	Class A Group 1981	Class A Group 1985	Class B Group 1981	Class B Group 1985	Class C Group 1981	Class C Group 1985
Total ticket sales not reduced by guarantees paid and excluding student activity fees	59%	55%	40%	31%	57%	55%
Student activity fees	3	3	13	20	11	20
Guarantees and options received	15	15	17	11	3	2
Contributions from alumni and others	5	6	2	11	10	11
Broadcasting and sponsors' fees for television	9	12	3	1	4	0
Direct government support	2	1	15	13	0	2
Other football revenues	7	8	10	13	15	9
	100%	100%	100%	100%	100%	100%

In 1985, these six revenue sources accounted for the following combined percentage of total basketball revenues: Class A, 91 percent; Class B, 94 percent; Class C, 99 percent; Class D, 87 percent; Class E, 90 percent, and Class F, 73 percent. Except for Class E and F respondents, total ticket sales are the most significant revenue source in basketball. Between 1981 and 1985, basketball ticket sales declined as a percentage of total Class A basketball revenues, but television broadcasting fees increased from 10 percent to 21 percent of total Class A basketball revenues.

Summary

Average total revenues of intercollegiate athletics programs demonstrated substantial growth during the four-year period ending in fiscal year 1985. During this period, compound annual growth

TABLE 2.15
ANALYSIS OF TRENDS IN BASKETBALL REVENUES
Fiscal Years 1973-1985
(Dollar Amounts in Thousands)

Revenue Measures by Respondent Category	1973	1977	1981	1985
Class A Institutions				
Average basketball revenues	$148	$270	$445	$714
Percentage of total revenues	9%	12%	13%	15%
Ratio to 1973 revenues	100	182	301	482
Class B Institutions				
Average basketball revenues	$ 29	$ 44	$ 26	$ 64
Percentage of total revenues	14%	15%	12%	15%
Ratio to 1973 revenues	100	152	90	221
Class C Institutions				
Average basketball revenues	$ 17	$ 16	$ 23	$ 32
Percentage of total revenues	39%	34%	41%	39%
Ratio to 1973 revenues	100	94	135	188
Class D Institutions				
Average basketball revenues	$ 84	$129	$284	$329
Percentage of total revenues	64%	66%	59%	51%
Ratio to 1973 revenues	100	154	338	392
Class E Institutions				
Average basketball revenues	$ 15	$ 17	$ 19	$ 65
Percentage of total revenues	43%	29%	19%	22%
Ratio to 1973 revenues	100	113	127	433
Class F Institutions				
Average basketball revenues	$ 2	$ 5	$ 3	$ 52
Percentage of total revenues	7%	10%	5%	42%
Ratio to 1973 revenues	100	250	150	260

TABLE 2.16
SUMMARY ANALYSIS OF BASKETBALL REVENUES
Fiscal Years 1981 and 1985
(Dollar Amounts in Thousands)

Respondent Category	Average Revenues 1981	Average Revenues 1985	Percentage Increase	1985 Revenue Range High	1985 Revenue Range Low
Class A Institutions	$445	$714	60%	$3,482	$1
Class B Institutions	26	64	146	516	4
Class C Institutions	23	32	39	1,418	1
Class D Institutions	284	329	16	2,072	2
Class E Institutions	19	65	242	249	2
Class F Institutions	3	52	1,633	1,180	1

rates for total revenues ranged from 11 percent in Class A to 28 percent in Class C. For the same period, a 12 percent increase in average total revenues was required to equal general inflationary trends as measured by the Gross National Product price index. Average total revenues of all respondent groups showed real revenue growth after adjustment for inflation. Estimated aggregate revenues of all NCAA member institutions in fiscal year 1985 were $1.06 billion.

Except for Class A, revenue sources related to athletics events, such as ticket sales and conference distributions, generally increased as a combined percentage of total revenues between 1981 and 1985. For Class A, unearned revenue sources, such as contributions from alumni and government support, increased as a combined percentage of total revenues. As a percentage of total revenues, revenues derived from football have decreased consistently on a relative basis since 1973. In general, the growth in total revenues has been accompanied by significant increases in revenues not related to specific sports. For Class A, this trend is consistent with the increased significance of unearned revenue sources as a percentage of total revenues. The general revenue profile of each respondent group is presented in the Revenues Graphics Section, which begins on the next page.

TABLE 2.17
PERCENTAGE COMPOSITION OF BASKETBALL REVENUES
Fiscal Years 1981 and 1985

Respondent Category	Total Ticket Sales	Student Activity Fees	Guarantees and Options	Contributions	Broadcasting Fees	Government Support	All Other Sources	Total Basketball Revenues
Class A Institutions								
Fiscal year 1981	64%	5%	7%	5%	10%	3%	6%	100%
Fiscal year 1985	54	4	7	3	21	2	9	100
Class B Institutions								
Fiscal year 1981	52%	12%	8%	3%	1%	14%	10%	100%
Fiscal year 1985	46	18	10	7	2	11	6	100
Class C Institutions								
Fiscal year 1981	41%	15%	19%	6%	17%	0%	2%	100%
Fiscal year 1985	46	10	8	4	31	*	1	100
Class D Institutions								
Fiscal year 1981	50%	13%	6%	9%	9%	2%	11%	100%
Fiscal year 1985	46	12	8	8	12	1	13	100
Class E Institutions								
Fiscal year 1981	23%	36%	7%	9%	*	9%	17%	100%
Fiscal year 1985	14	30	8	17	*	21	10	100
Class F Institutions								
Fiscal year 1981	8%	72%	5%	2%	0%	4%	9%	100%
Fiscal year 1985	19	28	4	21	0	1	27	100

*Less than 1 percent

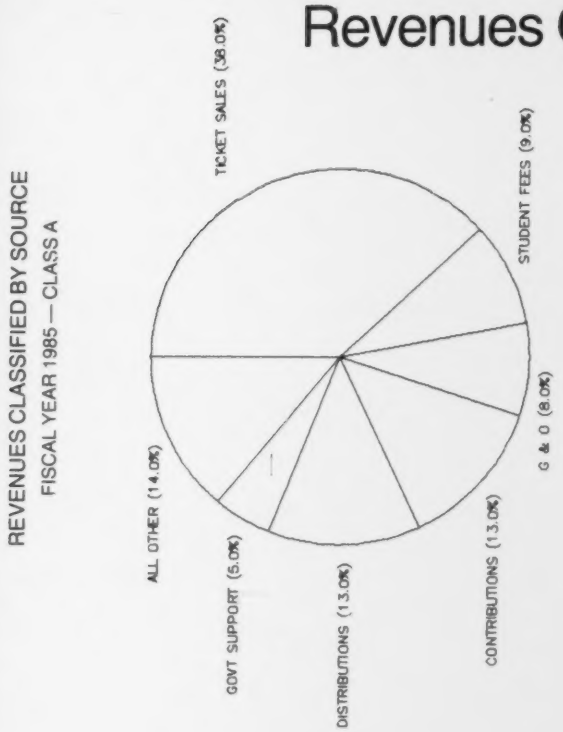
Revenues Graphics Section

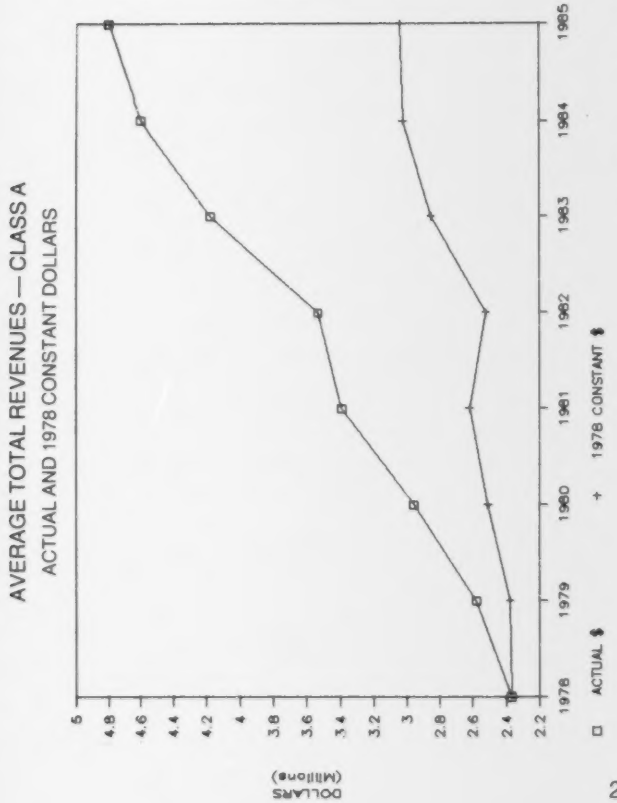
Each of the following pages presents revenues graphs for each respondent category. Each graph and related sources of data are described below.

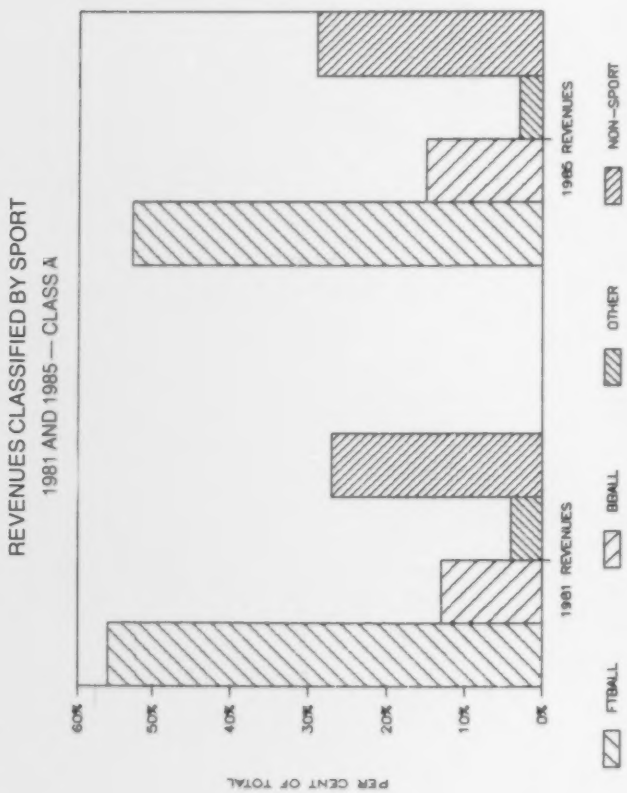
Average Total Revenues, 1978-1985 (line chart) Amounts shown in actual dollars and 1978 constant dollars. Data sources: Table 2.1; Table 2.4

Revenues Classified by Source, 1985 (pie chart) Data sources: Table 2.7; Table 2.8

Revenues Classified by Sport, 1981 and 1985 (bar chart) Data sources: Table 2.10; Table 2.11

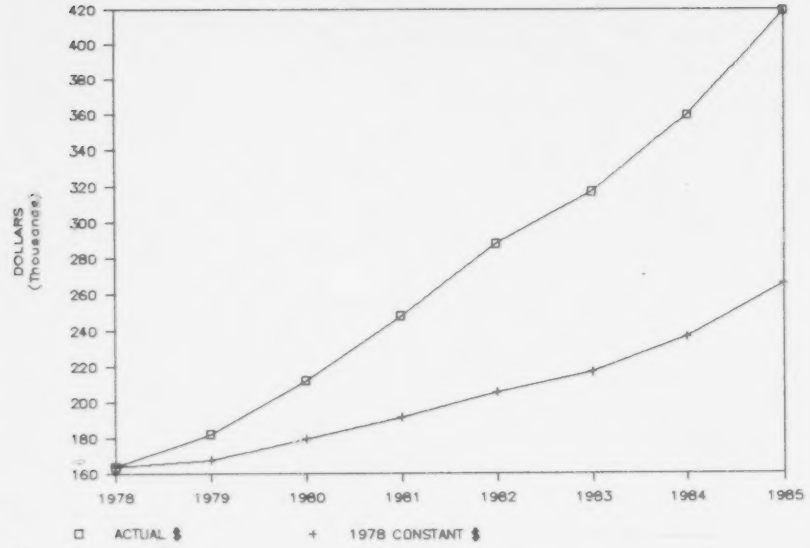






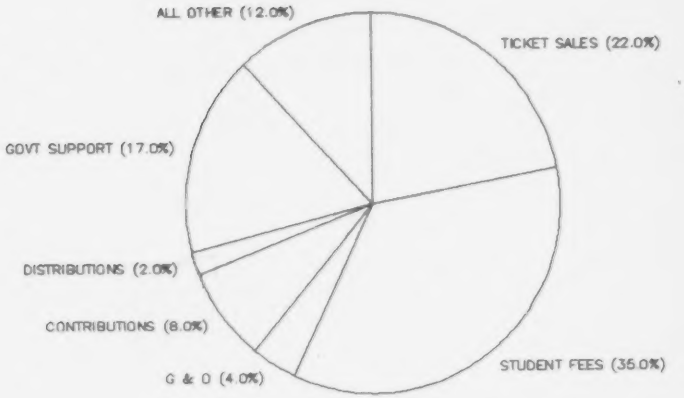
AVERAGE TOTAL REVENUES — CLASS B

ACTUAL AND 1978 CONSTANT DOLLARS



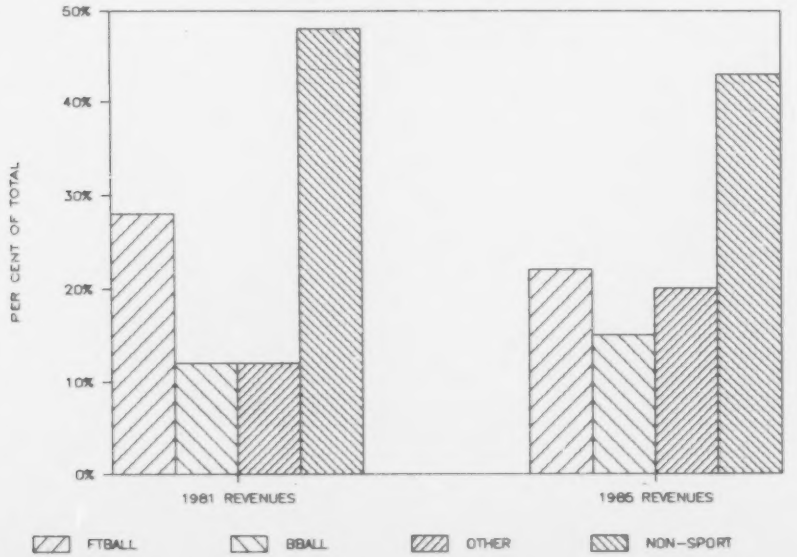
REVENUES CLASSIFIED BY SOURCE

FISCAL YEAR 1985 — CLASS B



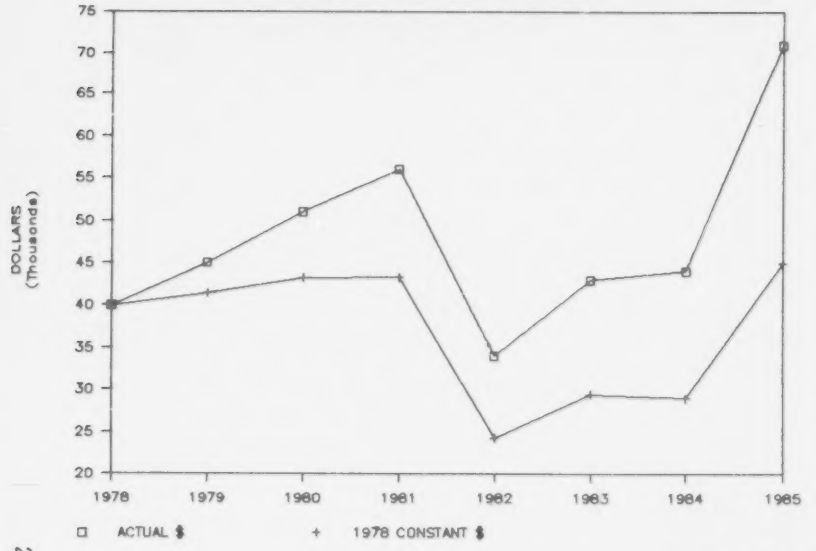
REVENUES CLASSIFIED BY SPORT

1981 AND 1985 — CLASS B



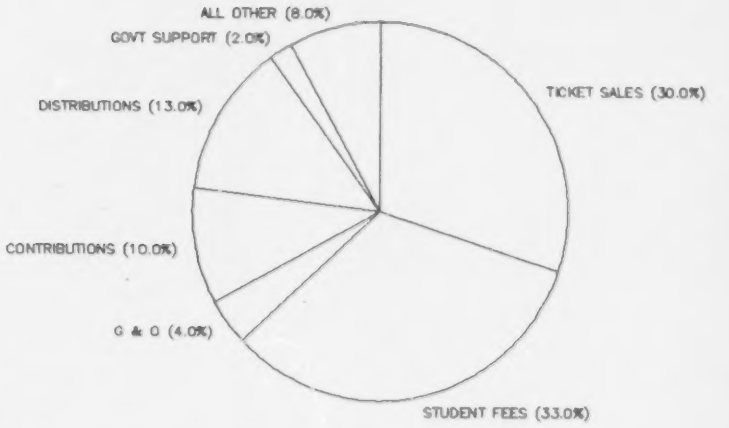
AVERAGE TOTAL REVENUES — CLASS C

ACTUAL AND 1978 CONSTANT DOLLARS



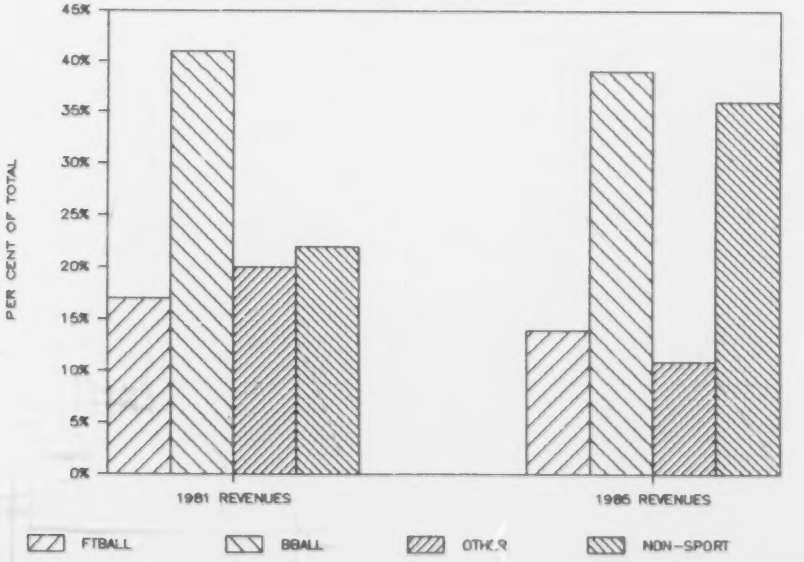
REVENUES CLASSIFIED BY SOURCE

FISCAL YEAR 1985 — CLASS C



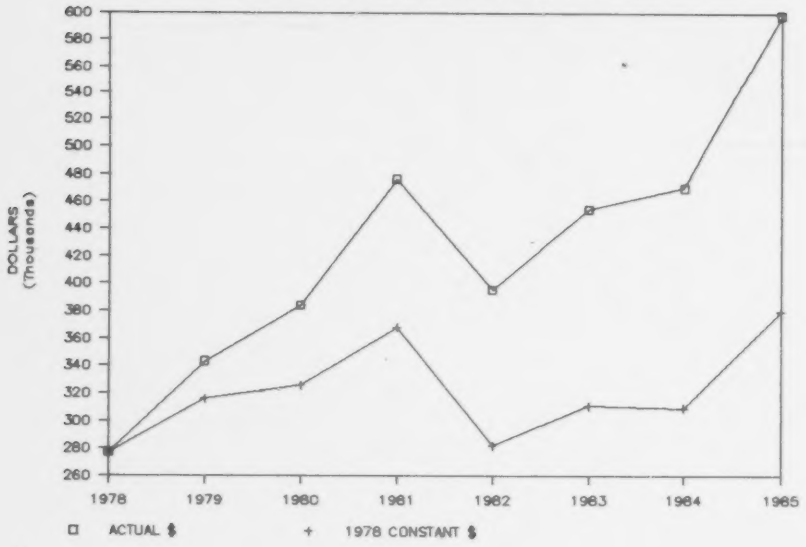
REVENUES CLASSIFIED BY SPORT

1981 AND 1985 — CLASS C



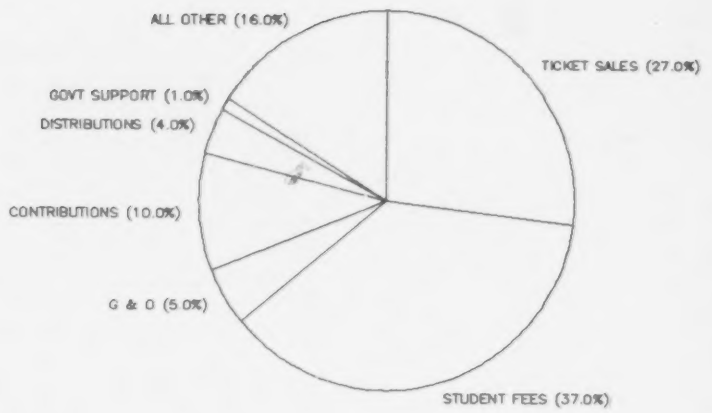
AVERAGE TOTAL REVENUES — CLASS D

ACTUAL AND 1978 CONSTANT DOLLARS



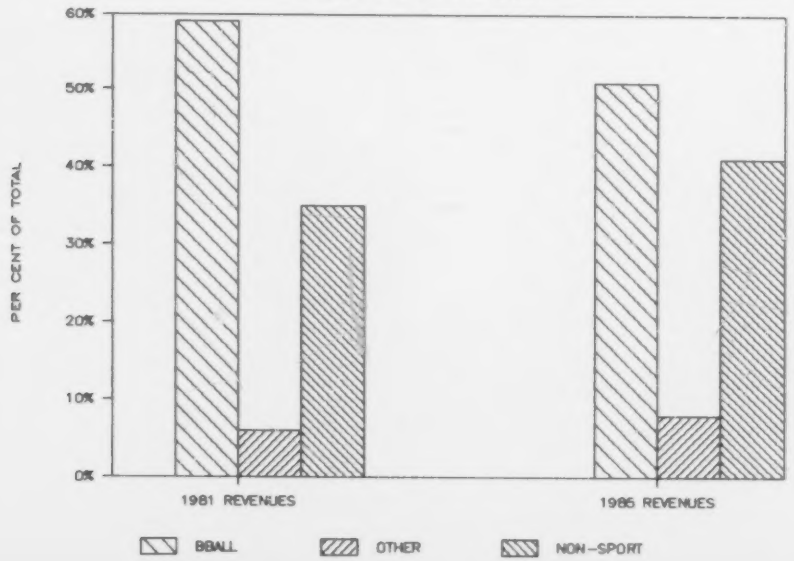
REVENUES CLASSIFIED BY SOURCE

FISCAL YEAR 1985 — CLASS D



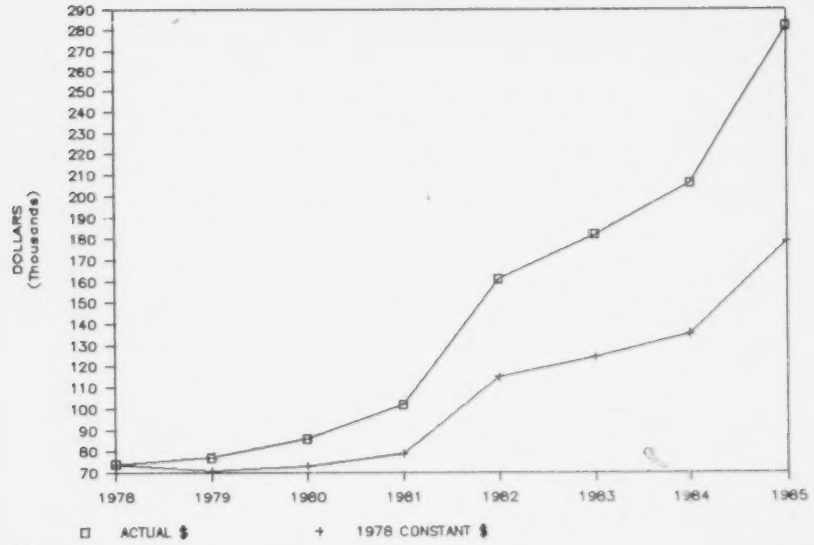
REVENUES CLASSIFIED BY SPORT

1981 AND 1985 — CLASS D



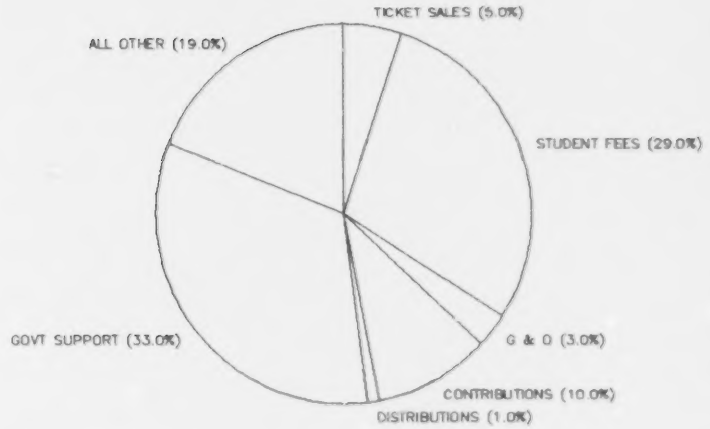
AVERAGE TOTAL REVENUES — CLASS E

ACTUAL AND 1978 CONSTANT DOLLARS



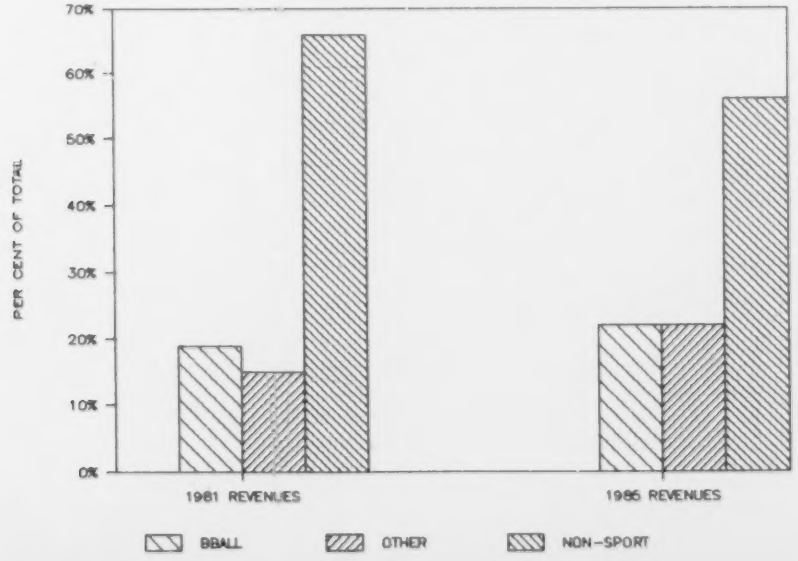
REVENUES CLASSIFIED BY SOURCE

FISCAL YEAR 1985 — CLASS E



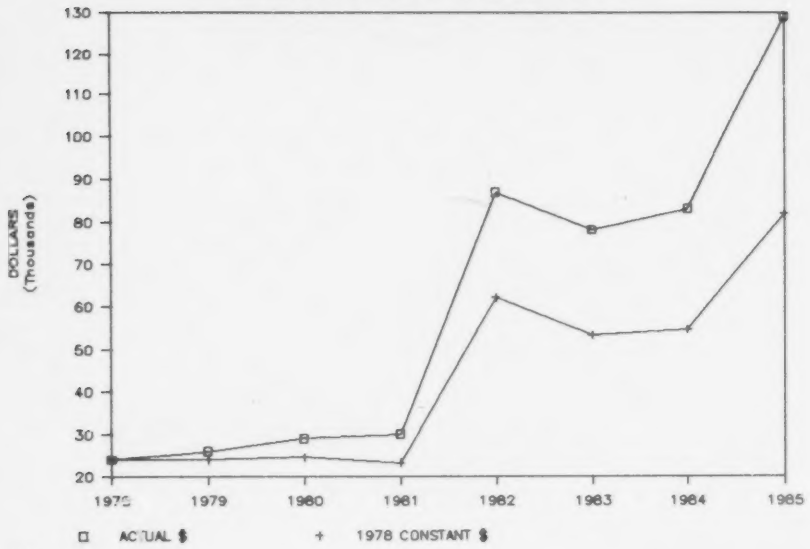
REVENUES CLASSIFIED BY SPORT

1981 AND 1985 — CLASS E



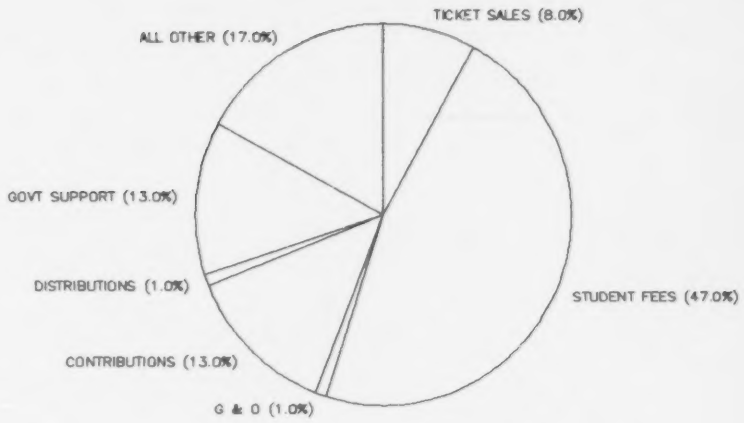
AVERAGE TOTAL REVENUES — CLASS F

ACTUAL AND 1978 CONSTANT DOLLARS



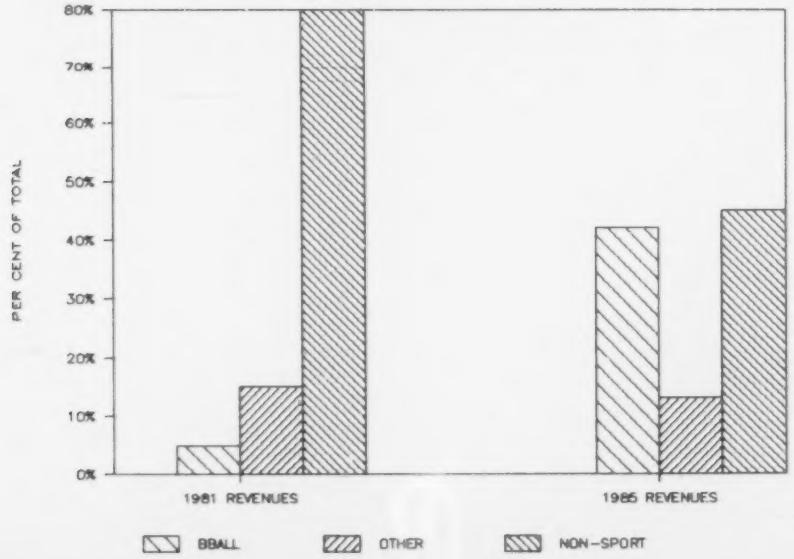
REVENUES CLASSIFIED BY SOURCE

FISCAL YEAR 1985 — CLASS F



REVENUES CLASSIFIED BY SPORT

1981 AND 1985 — CLASS F



CHAPTER III
ANALYSIS OF EXPENSES

Operating expenses for an athletics program are the costs incurred for salaries, grants-in-aid, travel, equipment and supplies, contract game settlements paid to opposing teams, and similar disbursements required for the current operation of the program. Operating expenses should be distinguished from the term *expenditures*. As used in institutional accounting, expenditures include current operating expenses, additions to property, plant and equipment, and certain types of debt-service payments for principal and interest payments. This report is primarily concerned with operating expenses. The term *expenses* in this study refers to operating expenses. Sections in this chapter analyze total operating expenses, expenses classified by object, grants-in-aid expenses and expenses related to particular sports. The Expenses Graphics Section at the end of this chapter summarizes important expense relationships for each respondent group.

Total Operating Expenses

Total operating expenses are analyzed in the fol-

TABLE 3.1
MEDIAN AND MEAN TOTAL EXPENSES
Fiscal Years 1978-1985
(Dollar Amounts in Thousands)

Expense Measures by Respondent Category	1978	1979	1980	1981	1982	1983	1984	1985
Class A Institutions								
Median total expenses	$1,752	$1,802	$2,100	$2 576	$2,669	$2,830	$3,055	$3,291
Mean total expenses	2,238	2,460	2,875	3,243	3,491	3,920	4,271	4,609
Annual percentage change (a)	1%	10%	17%	13%	8%	12%	9%	8%
Class B Institutions								
Median total expenses	$ 278	$ 286	$ 312	$ 376	$ 491	$ 568	$ 557	$ 588
Mean total expenses	287	322	355	392	510	555	609	719
Annual percentage change	– 38%	12%	10%	10%	30%	9%	10%	18%
Class C Institutions								
Median total expenses	$ 121	$ 126	$ 133	$ 146	$ 148	$ 163	$ 188	$ 233
Mean total expenses	188	201	221	249	232	262	288	339
Annual percentage change	10%	6%	10%	13%	– 7%	13%	10%	18%
Class D Institutions								
Median total expenses	$ 410	$ 467	$ 599	$ 652	$ 530	$ 597	$ 694	$ 826
Mean total expenses	410	476	563	631	579	625	692	878
Annual percentage change	29%	16%	18%	12%	– 8%	8%	11%	27%
Class E Institutions								
Median total expenses	$ 136	$ 131	$ 157	$ 228	$ 284	$ 328	$ 324	$ 405
Mean total expenses	163	166	180	232	278	314	346	418
Annual percentage change	12%	1%	9%	29%	20%	13%	10%	21%
Class F Institutions								
Median total expenses	$ 65	$ 73	$ 74	$ 53	$ 73	$ 74	$ 90	$ 119
Mean total expenses	106	121	129	144	127	134	147	182
Annual percentage change	28%	14%	6%	12%	– 12%	6%	10%	24%

(a) Annual percentage change based on average total expenses.

lowing exhibits:

- Table 3.1—Median and Mean Total Expenses
- Table 3.2—Analysis of Trends in Total Expenses
- Table 3.3—Frequency Distributions for Total Expenses
- Table 3.4—Summary Analysis of Total Expenses
- Table 3.5—Expense Trends and General Price-Level Changes
- Table 3.6—Estimated Aggregate Expenses
- Table 3.7—Debt-Service Cost and Capital Expenditures
- Table 3.8—Forecasts of Average Total Expenses

Total Expense Trends

Median and mean total operating expenses for fiscal years 1978-1985 are presented in Table 3.1. This table also shows the annual percentage change in average expenses for each year. The mean usually exceeds the median amount of total expenses. The mean or average measure is affected by the comparatively larger expense amounts reported by some institutions in each category. Average expense measures are used in this study as representative expense amounts.

Both mean and median total expenses in Table 3.1 indicate a pattern of increasing annual expenses for all respondent categories. The percentage increase in average expenses between 1978 and 1985 exceeds 100 percent for all institutions except Class F. Average total expenses for Class B decreased 38 percent between 1977 and 1978. In 1978, approximately 30 Class B institutions moved into Division I-AA, which is included in Class A as defined by this study. For the Class B group, expense trends for the period 1978-1985 are based on comparable information for these respondents.

General trends in average total expenses are summarized in Table 3.2 for the period 1973 to 1985. Average expenses for each class in 1973 are used as a base amount to indicate the relative increase in average expenses during this 12-year period. Average 1985 Class A expenses of $4,609,000 are 286 percent of the 1973 average, which indicates a 186 percent increase since 1973. The long-run trend analysis in Table 3.2 indicates a significant percentage increase in the average expenses of each respondent group.

Table 3.3 presents frequency distributions for the 1985 operating expenses of each respondent class. These frequency distributions indicate the dispersion in total expenses reported by each class and are useful interpretive supplements to average and median expense amounts. The frequency distributions reveal a significant range in total expenses reported by each category in 1985. For example, two Class A institutions reported total expenses of $1 million or less, and 15 Class A respondents had total expenses exceeding $9 million. In general, the frequency distributions permit a specific institution to evaluate its total expenses in relation to other

TABLE 3.2
ANALYSIS OF TRENDS IN TOTAL EXPENSES
Fiscal Years 1973-1985
(Dollar Amounts in Thousands)

Expense Measures by Respondent Category	1973	1977	1981	1985
Class A Institutions				
Average total expenses	$1,614	$2,213	$3,243	$4,609
Ratio to 1973 expenses	100	137	201	286
Class B Institutions				
Average total expenses	$ 339	$ 460	$ 392	$ 719
Ratio to 1973 expenses	100	136	116	212
Class C Institutions				
Average total expenses	$ 136	$ 171	$ 249	$ 339
Ratio to 1973 expenses	100	126	183	249
Class D Institutions				
Average total expenses	$ 235	$ 317	$ 631	$ 878
Ratio to 1973 expenses	100	135	269	374
Class E Institutions				
Average total expenses	$ 134	$ 146	$ 232	$ 418
Ratio to 1973 expenses	100	109	173	312
Class F Institutions				
Average total expenses	$ 59	$ 83	$ 144	$ 182
Ratio to 1973 expenses	100	141	244	308

respondents in the same category.

The highest and lowest amounts of total expenses reported in 1985 are shown in Table 3.4 in comparison with average total expenses. This table also includes a compound annual growth rate applicable to average total expenses for each class during the period 1982-1985. A compound annual growth rate is the annual percentage increase that explains the change in average total expenses between 1982 and 1985. For example, Class B average expenses increased from $510,000 in 1982 to $719,000 in 1985. The equal annual percentage growth rate

TABLE 3.3
FREQUENCY DISTRIBUTIONS FOR TOTAL EXPENSES

Fiscal Year 1985
(Dollar Amounts in Thousands)

Class A Group

More Than	Less Than	Number
$ 0	$ 1,000	2
1,000	2,000	32
2,000	3,000	29
3,000	4,000	17
4,000	5,000	7(M)
5,000	6,000	11
6,000	7,000	13
7,000	8,000	10
8,000	9,000	6
9,000		15
		142

Class B Group

More Than	Less Than	Number
$ 0	$ 150	0
150	300	3
300	450	7
450	600	6
600	750	3(M)
750	900	5
900	1,050	5
1,050	1,200	4
1,200	1,350	2
1,350		1
		36

Class C Group

More Than	Less Than	Number
$ 0	$ 50	1
50	100	10
100	150	11
150	200	14
200	250	11
250	300	8
300	350	6(M)
350	400	6
400		22
		89

Class D Group

More Than	Less Than	Number
$ 0	$ 200	2
200	400	4
400	600	5
600	800	5
800	1,000	5(M)
1,000	1,200	4
1,200	1,400	2
1,400	1,600	3
1,600	1,800	3
1,800		1
		34

Class E Group

More Than	Less Than	Number
$ 0	$ 100	1
100	200	3
200	300	4
300	400	4
400	500	6(M)
500	600	4
600	700	0
700	800	1
800	900	0
900		2
		25

Class F Group

More Than	Less Than	Number
$ 0	$ 25	1
25	50	4
50	75	9
75	100	4
100	125	11
125	150	5
150	175	3
175	200	6(M)
200	225	2
225		7
		52

(M) Indicates expense interval corresponding with average total expenses for 1985.

TABLE 3.4
SUMMARY ANALYSIS OF TOTAL EXPENSES

Fiscal Year 1985
(Dollar Amounts in Thousands)

Respondent Category	Total Expenses For 1985			1982-1985 Compound Growth Rate*
	High	Average	Low	
Class A Institutions	$15,403	$4,609	$528	10%
Class B Institutions	1,873	719	185	12%
Class C Institutions	3,252	339	40	13%
Class D Institutions	1,858	878	80	15%
Class E Institutions	1,121	418	60	15%
Class F Institutions	1,619	182	18	12%

*The annual growth rate that explains the change in average expenses between 1982 and 1985.

that explains this increase is 12 percent. The actual percentage change in average expenses tends to vary each year, as shown in Table 3.1. Compound annual growth rates are convenient measures that summarize the expense increases for each respondent category between 1982 and 1985.

Evaluation of Expense Increases

The general trend of increasing annual expenses can be evaluated by comparison with the inflationary trends that prevailed during the period 1982-1985. General price-level changes or inflation affect the comparability of expense trends. Over a series of years, inflation will cause increased annual expenses for an athletics program that perhaps experienced no real increase in the quantity of goods and services used. The most comprehensive measure of general price-level changes in the United States is the Gross National Product (GNP) price deflator. During the period 1982-1985, this price index increased 12 percent, which is approximately equal to a compound annual increase of four percent in the general price level. Accordingly, an athletics program with an annual growth rate of four percent would demonstrate a pattern of increasing expenses that corresponded with general inflationary trends during the period 1982-1985.

Expense trends and general price-level changes for the period 1982-1985 are compared in Table 3.5. For comparative purposes, the average GNP price index was restated such that the average index for 1982 is 100 percent. Average total expenses are shown as a percentage of 1982 average expenses, based both on actual dollar amounts and on expenses restated to the average price level of fiscal year 1982. The adjusted base-year ratio in Table 3.5 indicates the cumulative change in average total expenses based on a constant dollar measure using the average price level during 1982. Restatement of average expenses in constant dollars eliminates the inflationary effect that partly was responsible for expense increases measured in actual dollars. Since the adjusted base-year ratio involves a constant price level, it measures the real increases in expenses incurred by athletics programs. If inflation had caused all increases in operating expenses, then the adjusted base-year ratio would be 100 percent for each year between 1982 and 1985.

Base-year ratios in Table 3.5 should be interpreted as follows. For Class D, 1985 average expenses are 152 percent of the 1982 average, which indicates a 52 percent increase in actual expenses. With the effect of inflation eliminated, Class D expenses in 1985 are 136 percent of 1982 average expenses. In general, this 36 percent increase in the

TABLE 3.5
EXPENSE TRENDS AND GENERAL PRICE-LEVEL CHANGES
Fiscal Years 1982-1985

Average Total Expenses as a Percentage of 1982 Average Expenses	1982	1983	1984	1985
Average Price-Level Index (a)	100%	104%	108%	112%
Class A Institutions				
Actual base-year ratio (b)	100%	112%	122%	132%
Adjusted base-year ratio (c)	100	108	113	118
Class B Institutions				
Actual base-year ratio	100	109	119	141
Adjusted base-year ratio	100	105	110	126
Class C Institutions				
Actual base-year ratio	100	113	124	146
Adjusted base-year ratio	100	109	114	130
Class D Institutions				
Actual base-year ratio	100	108	120	152
Adjusted base-year ratio	100	104	111	136
Class E Institutions				
Actual base-year ratio	100	113	124	150
Adjusted base-year ratio	100	109	114	134
Class F Institutions				
Actual base-year ratio	100	106	116	143
Adjusted base-year ratio	100	102	107	128

(a) Average Gross National Product price deflator for fiscal years ending June 30 restated such that 1982 = 100 percent.
(b) Average total expenses as a percentage of 1982 average expenses with no adjustment for inflation.
(c) Revised base-year ratio using average total expenses stated in terms of the average price level during 1982.

adjusted base-year ratio represents the real increase in total expenses caused by acquiring more goods and services, expanding the program or purchasing goods and services at prices that increased more rapidly than the general price level.

During the period 1982-1985, a 12 percent increase in average total expenses would be considered normal if operating expenses increased at a rate equal to general price-level changes measured by the GNP price index. For 1985, the actual base-year ratio of each class is greater than 112 percent, which indicates that expense increases for all respondent categories exceeded changes in the general price level.

Expense Estimates and Forecasts

To measure the general economic significance of athletics programs, aggregate total expenses of all NCAA member institutions in fiscal year 1985 are estimated in Table 3.6. The estimate of aggregate total operating expenses incurred by all NCAA members during 1985 is $1.2 billion. This estimate assumes that the respondents from each class are a representative sample. The estimate was determined by multiplying average expenses of each category by the number of members and summing the computed amounts. The estimated aggregate expenses of $1.2 billion are 56 percent more than the comparable estimate of $770 million for fiscal year 1981.

In reporting total operating expenses, respondents were directed to exclude interest and principal payments on long-term debt and capital expenditures for physical plant facilities. Expenditures for debt-service cost and acquisition of plant assets were reported separately and are summarized in Table 3.7. In 1985, average debt-service cost and capital expenditures ranged from $47,000 in Class D to $546,000 in Class A. It is significant to note the percentage of respondents that reported debt-service cost and capital expenditures. In Class A, 39 percent of the respondents reported these expenditures in 1985. In general, less than 25 percent of the

TABLE 3.6
ESTIMATED AGGREGATE EXPENSES
Fiscal Year 1985
(Dollar Amounts in Thousands)

Respondent Category	Number of Members	Average Total Expenses 1985	Estimated Aggregate Expenses
Class A Institutions	192	$4,609	$ 884,928*
Class B Institutions	111	719	79,809
Class C Institutions	203	339	68,817
Class D Institutions	69	878	60,582
Class E Institutions	81	418	33,858
Class F Institutions	139	182	25,298
	795		$1,153,292

*(192 × $4,609 = $884,928)

TABLE 3.7
DEBT-SERVICE COST AND CAPITAL EXPENDITURES
Fiscal Years 1978-1985
(Dollar Amounts in Thousands)

Average Expenditures and Percentage of Respondents Reporting This Cost Item	1978	1979	1980	1981	1982	1983	1984	1985
Class A Institutions								
Average expenditures	$366	$383	$286	$398	$413	$824	$526	$546
Percentage reporting data	39%	40%	40%	40%	40%	42%	40%	39%
Class B Institutions								
Average expenditures	$106	$108	$105	$ 80	$120	$193	$332	$172
Percentage reporting data	7%	7%	7%	12%	19%	19%	19%	17%
Class C Institutions								
Average expenditures	$141	$ 47	$ 50	$ 71	$ 79	$ 81	$ 74	$137
Percentage reporting data	10%	14%	15%	16%	7%	6%	8%	10%
Class D Institutions								
Average expenditures	$120	$ 68	$ 44	$ 71	$ 36	$172	$162	$ 47
Percentage reporting data	5%	14%	14%	19%	14%	18%	20%	18%
Class E Institutions								
Average expenditures	$108	$114	$130	$121	$ 60	$ 66	$131	$148
Percentage reporting data	16%	19%	23%	26%	17%	16%	24%	20%
Class F Institutions								
Average expenditures	$ 5	$ 21	$ 21	$ 11	$ 6	$ 8	$ 42	$ 68
Percentage reporting data	8%	8%	8%	10%	2%	2%	4%	6%

respondents in all other classes reported debt-service cost and capital expenditures. These expenditures are not included in operating expenses described elsewhere in this study.

Based upon analysis of past expense trends, forecasts of average total expenses were developed for each respondent category. These forecasts, for fiscal years 1986 through 1989, are presented in Table 3.8. For fiscal year 1989, forecasts of average total expenses are: $6,750,000 for Class A; $1,050,000 for Class B; $500,000 for Class C; $1,280,000 for Class D; $612,000 for Class E, and $260,000 for Class F. The predictive accuracy of these forecasts cannot be assured, but the estimates provide useful information about potential operating expenses that must be financed in future years.

Expenses Classified by Object

A classification of operating expenses by *object* describes the nature of goods and services acquired and is independent of the activity or function in which the goods and services are utilized. As summarized in Tables 3.9 and 3.10, the percentage composition of total operating expenses substantially is explained by the following object classifications:

1. Grants-in-aid.

TABLE 3.8
FORECASTS OF AVERAGE TOTAL EXPENSES
Fiscal Years 1986-1989
(Dollar Amounts in Thousands)

Respondent Category	1985 Average Expenses	Forecast of Average Total Expenses			
		1986	1987	1988	1989
Class A Institutions	$4,609	$5,070	$5,575	$6,130	$6,750
Class B Institutions	719	790	870	950	1,050
Class C Institutions	339	370	410	450	500
Class D Institutions	878	960	1,060	1,170	1,280
Class E Institutions	418	460	505	556	612
Class F Institutions	182	200	220	240	260

TABLE 3.9
OPERATING EXPENSES CLASSIFIED BY OBJECT OF EXPENDITURE
Fiscal Years 1981 and 1985
(Dollar Amounts in Thousands)

Average Expense and Percentage of Total Expenses	Grants-in-Aid		Guarantees and Options		Salaries and Wages		Team and Other Travel		Equipment and Supplies		All Other Expenses		Total Expenses
	Mean	Percent	Mean	Percent	Mean	Percent	Mean	Percent	Mean	Percent	Mean	Percent	
Class A Institutions													
Fiscal year 1981	$556	16%	$408	11%	$1,012	30%	$436	13%	$157	5%	$ 844	25%	100%
Fiscal year 1985	860	17	430	8	1,405	30	554	12	218	5	1,383	28	100
Class B Institutions													
Fiscal year 1981	$148	26%	$ 34	5%	$148	23%	$ 69	15%	$ 37	8%	$108	23%	100%
Fiscal year 1985	235	29	19	1	226	29	105	14	64	8	145	19	100
Class C Institutions													
Fiscal year 1981	$238	10%	$ 10	1%	$160	38%	$ 51	18%	$ 30	10%	$ 68	23%	100%
Fiscal year 1985	206	9	7	*	198	39	64	17	44	12	80	22	100
Class D Institutions													
Fiscal year 1981	$184	25%	$ 23	3%	$233	32%	$122	17%	$ 47	6%	$131	17%	100%
Fiscal year 1985	255	27	27	3	262	29	121	14	50	6	204	21	100
Class E Institutions													
Fiscal year 1981	$ 82	26%	$ 6	1%	$ 91	30%	$ 45	16%	$ 25	9%	$ 53	18%	100%
Fiscal year 1985	135	30	13	2	167	32	71	15	33	7	65	14	100
Class F Institutions													
Fiscal year 1981	$ 13	*	$ 2	*	$126	52%	$ 28	16%	$ 22	14%	$ 31	18%	100%
Fiscal year 1985	98	6	2	*	136	47	41	16	25	11	49	20	100

*Less than 1 percent

2. Guarantees and options paid.
3. Salaries, wages and fringe benefits.
4. Team travel, scouting and recruiting.
5. Athletic equipment, uniforms and supplies.

Major Expense Classifications

The five major expense classifications listed above are analyzed in Table 3.9 for fiscal years 1981 and 1985. In fiscal year 1985, these five expense classifications accounted for the following combined percentage of total operating expenses: 72 percent in Class A; 81 percent in Class B; 78 percent in Class C; 79 percent in Class D; 86 percent in Class E, and 80 percent in Class F.

The relative significance of specific operating expenses differs among the respondent categories. Guarantees and options are a significant expense only for the Class A group. Consistent with the differences between Division II and Division III institutions, grants-in-aid to student-athletes are a more significant expense in Class B than in Class C; also, more significant in Class E than in Class F. For all respondent categories, the percentage composition of total expenses classified by object was relatively constant between 1981 and 1985. For most respondent groups, grants-in-aid increased as a percentage of total expenses. Percentage composition of total expenses classified by object is summarized for fiscal years 1977-1985 in Table 3.10. During this nine-year period, there were no major changes in the percentage composition of total expenses classified by object of expenditure.

Inclusiveness of Expenses

For all respondent categories, grants-in-aid and salary payments on a combined basis were the most significant operating expenses when measured as a percentage of total expenses. In fiscal year 1985, these two expense classifications accounted for the following combined percentage of total expenses:

Respondent Category	Combined Percentage of Grants-in-Aid and Salaries
Class A	47%
Class B	58
Class C	48
Class D	56
Class E	62
Class F	53

TABLE 3.10
EXPENSES BY OBJECT AS A PERCENTAGE OF TOTAL EXPENSES
Fiscal Years 1977-1985

Respondent Category	Grants-in-Aid	Guarantees and Options	Salaries and Wages	Team and Other Travel	Equipment and Supplies	All Other Expenses	Total Expenses
Class A Institutions							
Fiscal year 1985	17%	8%	30%	12%	5%	28%	100%
Fiscal year 1981	16	11	30	13	5	25	100
Fiscal year 1977	18	12	28	12	5	25	100
Class B Institutions							
Fiscal year 1985	29	1	29	14	8	19	100
Fiscal year 1981	26	5	23	15	8	23	100
Fiscal year 1977	29	2	32	14	9	14	100
Class C Institutions							
Fiscal year 1985	9	*	39	17	12	22	100
Fiscal year 1981	10	1	38	18	10	23	100
Fiscal year 1977	14	2	39	15	15	15	100
Class D Institutions							
Fiscal year 1985	27	3	29	14	6	21	100
Fiscal year 1981	25	3	32	17	6	17	100
Fiscal year 1977	27	4	27	13	6	23	100
Class E Institutions							
Fiscal year 1985	30	2	32	15	7	14	100
Fiscal year 1981	26	1	30	16	9	18	100
Fiscal year 1977	28	1	34	14	8	15	100
Class F Institutions							
Fiscal year 1985	6	*	47	16	11	20	100
Fiscal year 1981	*	*	52	16	14	18	100
Fiscal year 1977	9	*	44	12	11	24	100

*Less than 1 percent of total expenses

The comparability of reported expenses is affected by different accounting practices for the inclusion of grants-in-aid and salaries in expenses of the athletics programs. In some cases, salaries are paid from institutional funds not controlled by the athletics department; the resulting amounts may not be included in expenses of the athletics progam. A number of institutions that award grants-in-aid to participating athletes do not report these costs as operating expenses of the athletics program, because the amounts are paid by institutional funds outside the control of the athletics department. Many institutions do not award grants-in-aid and do not incur this expense item.

With regard to grants-in-aid, the following questionnaire response summary indicates the inclusiveness and relative comparability of expenses analyzed in this study.

(Part I, Question No. 8) "Does your institution award grants-in-aid to student-athletes?"

"Yes" Replies	A	B	C	D	E	F
1981 survey	91%	86%	15%	95%	97%	8%
1985 survey	94	92	16	100	100	12

The respondents actually reporting grants-in-aid expenses approximate the percentage of institutions that award grants. Likewise, a substantial majority of each class reported salary expenses. Thus, expense analysis in this study is based primarily upon institutions that include salaries and grants-in-aid (if awarded) in expenses of the athletics program.

Grants-in-Aid Expenses

In the questionnaire for this study, *grant-in-aid* was defined as follows:

> "Any institutionally administered financial aid awarded to a student who has been recruited on the basis of athletic ability, or any athletically related financial aid provided a student-athlete regardless of recruitment."

Expenses and other information for grants-in-aid are summarized in Table 3.11 and Table 3.12 for fiscal years 1981 and 1985.

Table 3.11 presents average total grants-in-aid expenses classified by sport and the average annual cost of a full grant. Except for Class C respondents, average total grants-in-aid expenses increased between 1981 and 1985. As shown in Table 3.12, the average number of full grants available to be awarded each year increased between 1981 and 1985 for every respondent group except Class C. The general pattern for most respondents was a larger number of full grants available and an increase in the number of athletes receiving partial grants-in-aid.

TABLE 3.11
ANALYSIS OF GRANTS-IN-AID EXPENSES
Fiscal Years 1981 and 1985
(Dollar Amounts in Thousands)

Average Grants-In-Aid Expense by Respondent Category	Football		Basketball		Other Sports		Total Grants-in-Aid Expense		Average Annual Cost of Full Grant*
	Mean	Percent	Mean	Percent	Mean	Percent	Mean	Percent	
Class A Institutions									
Fiscal year 1981	$310	56%	$ 51	16%	$195	28%	$556	100%	$3,880
Fiscal year 1985	480	55	85	10	305	35	860	100	5,930
Class B Institutions									
Fiscal year 1981	$ 84	57%	$ 27	18%	$ 37	25%	$148	100%	$6,042
Fiscal year 1985	120	53	45	19	70	28	235	100	4,852
Class C Institutions									
Fiscal year 1981	$ 54	23%	$ 96	40%	$ 88	37%	$238	100%	$7,283
Fiscal year 1985	21	2	98	40	121	59	206	100	8,749
Class D Institutions									
Fiscal year 1981	NA		$ 77	42%	$107	58%	$184	100%	$5,315
Fiscal year 1985			92	36	168	64	255	100	7,026
Class E Institutions									
Fiscal year 1981	NA		$ 43	52%	$ 39	48%	$ 82	100%	$4,864
Fiscal year 1985			61	41	87	59	135	100	6,072
Class F Institutions									
Fiscal year 1981	NA		$ 5	38%	$ 8	62%	$ 13	100%	$5,567
Fiscal year 1985			29	21	77	79	98	100	7,473

*Average cost of annual grant is stated to the nearest dollar amount.

The primary cause of increases in total grants-in-aid expenses between 1981 and 1985 was an increase in the annual cost of a full grant. The following tabulation summarizes the general cause-and-effect relationships that explain the change in average total grants-in-aid (GIA) expenses between 1981 and 1985.

Respondent Category	Percentage Change Between 1981 and 1985		
	Full Grants Available	Cost of Full Grant	Average Total GIA Expenses
Class A ...	+2%	+53%	+55%
Class B ...	+4	−20	+59
Class C ...	−15	+20	−13
Class D ...	+16	+32	+39
Class E ...	+23	+25	+65
Class F ...	+120	+34	+654

The general conclusion is that substantially all increases in total grants-in-aid expenses were caused primarily by increases in the annual cost of a full grant.

The following response summaries to questions regarding grants-in-aid expenses tend to confirm the general conclusion stated above. Respondents were asked to indicate the factors that significantly were responsible for increased annual operating expenses since 1981. The response summaries are based on those institutions that award grants-in-aid. (Part I, Question Nos. 9d and 9e).

Respondents	A	B	C	D	E	F
Number awarding grants	134	34	15	34	28	8
Considered significant:						
Increase in number of grants	49%	56%	33%	62%	57%	4[illegible]%
Increase in cost of a full grant	91%	82%	67%	91%	79%	67%

The majority response is that increases in the annual cost of a full grant primarily were responsible for resulting increases in total grants-in-aid expenses.

Expenses Related to Specific Sports

Expenses related to specific sports tend to indicate areas of emphasis within an athletics program and to provide a measure of resource allocation. Specific sports are the major organizational units or economic segments that constitute an athletics program. It is important to evaluate the expenses directly related to each sport and the percentage composition of total expenses classified by sport. Many expense items benefit more than one sport and therefore are common to several activities. Maintenance expenses, utilities, program administration, office supplies, certain salaries and communication expenses are examples of expenses that usually cannot be identified with specific sports. For purposes of measuring resource allocation, these general and administrative expenses should not be allocated or apportioned to various sports.

TABLE 3.12
ANALYSIS OF GRANTS-IN-AID RECIPIENTS
Fiscal Years 1981 and 1985

Respondent Category	Full Grants Available	Average Number of Recipients			Average Number of Athletes	Percentage Receiving Grants
		Full Grants	Partial Grants	Total		
Class A Institutions						
Fiscal year 1981	140	107	77	184	343	54%
Fiscal year 1985	143	107	84	191	356	54
Class B Institutions						
Fiscal year 1981	51	25	85	110	305	36%
Fiscal year 1985	53	21	91	112	271	41
Class C Institutions						
Fiscal year 1981	27	17	54	71	294	24%
Fiscal year 1985	23	19	52	71	297	24
Class D Institutions						
Fiscal year 1981	37	19	52	71	150	47%
Fiscal year 1985	43	20	67	87	175	50
Class E Institutions						
Fiscal year 1981	22	12	42	54	147	37%
Fiscal year 1985	27	12	51	63	151	42
Class F Institutions						
Fiscal year 1981	10	8	4	12	169	7%
Fiscal year 1985	22	12	36	48	175	27

In reporting total operating expenses directly related to particular sports, respondents were directed to include grants-in-aid, salaries, travel, equipment and all other expenses clearly identifiable with each sport. Respondents disclosed expenses directly related to football, basketball, all other sports combined, and the residual amount of expenses not related to specific sports. Average expenses classified by sport and their percentage relationship to total expenses are summarized in Table 3.13 for fiscal years 1981 and 1985.

In fiscal year 1985, expenses directly related to specific sports accounted for 67 percent of Class A expenses, 75 percent for Class B, 74 percent for Class C, 74 percent for Class D, 72 percent for Class E and 66 percent for Class F. Between 1981 and 1985, the percentage composition of total expenses classified by sport did not significantly change. The percentage composition of total expenses classified by sport is summarized in Table 3.14 for fiscal years 1973 through 1985. By using four-year intervals, this exhibit indicates trends in the percentage composition of total expenses classified by sport. As a percentage of total expenses, football expenses decreased between 1973 and 1985 in all classes: from 48 percent to 39 percent in Class A; from 40 percent to 34 percent in Class B, and from 22 percent to 18 percent in Class C. The decrease in football expenses on a percentage basis is similar to trends in the percentage of total revenues derived from football. Average football expenses have increased, but at a slower rate than the increase in total expenses.

Analysis of Football Expenses

Expenses related to football for Classes A, B and C respondents are analyzed in the following exhibits:

- Table 3.15—Analysis of Trends in Football Expenses
- Table 3.16—Summary Analysis of Football Expenses
- Table 3.17—Frequency Distributions for Football Expenses
- Table 3.18—Football Expenses Classified by Object

Between 1973 and 1985, average football expenses increased 124 percent for Class A, 75 percent for Class B and 88 percent for Class C, as shown by the trend analysis in Table 3.15. In relationship to total expenses, however, football expenses declined on a percentage basis during this 12-year period. In relative terms, the annual growth rate for average football expenses was less than the annual growth rate for average total expenses between 1973 and 1985. While the amount of football expenses at most insti-

TABLE 3.13
TOTAL OPERATING EXPENSES CLASSIFIED BY SPORT
Fiscal Years 1981 and 1985
(Dollar Amounts in Thousands)

Average Expense Amounts and Percentage of Total Expenses	Football Expenses		Basketball Expenses		Expenses For Other Sports		Expenses Not Related to Specific Sports		Total Expenses
	Average	Percent	Average	Percent	Average	Percent	Average	Percent	
Class A Institutions									
Fiscal Year 1981	$1,335	41%	$329	10%	$527	16%	$1,118	33%	100%
Fiscal year 1985	1,780	39	489	11	776	17	1,571	33	100
Class B Institutions									
Fiscal year 1981	$ 123	34%	$ 54	15%	$108	28%	$ 103	23%	100%
Fiscal year 1985	245	34	117	16	177	25	183	25	100
Class C Institutions									
Fiscal year 1981	$ 42	17%	$ 47	18%	$122	48%	$ 76	17%	100%
Fiscal year 1985	62	18	62	17	140	39	112	26	100
Class D Institutions									
Fiscal year 1981	NA		$273	43%	$239	36%	$ 183	21%	100%
Fiscal year 1985			314	36	337	38	272	26	100
Class E Institutions									
Fiscal year 1981	NA		$ 71	32%	$120	52%	$ 60	16%	100%
Fiscal year 1985			132	32	183	40	125	28	100
Class F Institutions									
Fiscal year 1981	NA		$ 17	15%	$ 65	59%	$ 33	26%	100%
Fiscal year 1985			40	24	75	42	71	34	100

TABLE 3.14
PERCENTAGE ANALYSIS OF OPERATING EXPENSES CLASSIFIED BY SPORT
Fiscal Years 1973-1985

Percentage Composition of Operating Expenses by Respondent Category	1973	1977	1981	1985
Class A Institutions				
Football expenses	48%	47%	41%	39%
Basketball expenses	10	11	10	11
Expenses — other sports	14	15	16	17
All other expenses	28	27	33	33
	100%	100%	100%	100%
Class B Institutions				
Football expenses	40%	41%	34%	34%
Basketball expenses	15	15	15	16
Expenses — other sports	27	29	28	25
All other expenses	18	15	23	25
	100%	100%	100%	100%
Class C Institutions				
Football expenses	22%	21%	17%	18%
Basketball expenses	17	14	18	17
Expenses — other sports	38	39	48	39
All other expenses	23	26	17	26
	100%	100%	100%	100%
Class D Institutions				
Basketball expenses	47%	43%	43%	36%
Expenses — other sports	36	38	36	38
All other expenses	17	19	21	26
	100%	100%	100%	100%
Class E Institutions				
Basketball expenses	40%	30%	32%	32%
Expenses — other sports	39	45	52	40
All other expenses	21	25	16	28
	100%	100%	100%	100%
Class F Institutions				
Basketball expenses	23%	22%	15%	24%
Expenses — other sports	57	61	59	42
All other expenses	20	17	26	34
	100%	100%	100%	100%

TABLE 3.15
ANALYSIS OF TRENDS IN FOOTBALL EXPENSES
Fiscal Years 1973-1985
(Dollar Amounts in Thousands)

Expense Measures by Respondent Category	1973	1977	1981	1985
Class A Institutions				
Average football expenses	$793	$1,045	$1,335	$1,780
Percentage of total expenses	48%	47%	41%	39%
Ratio to 1973 expenses	100	132	168	224
Class B Institutions				
Average football expenses	$140	$ 195	$ 123	$ 245
Percentage of total expenses	40%	41%	34%	34%
Ratio to 1973 expenses	100	139	88	175
Class C Institutions				
Average football expenses	$ 33	$ 38	$ 42	$ 62
Percentage of total expenses	22%	21%	17%	18%
Ratio to 1973 expenses	100	115	127	188

tutions has increased annually, the annual rate of change for each class was less than the growth rate for total expenses. During the period 1973-1985, the percentage of football expenses to total expenses therefore decreased.

As a summary of recent trends in football expenses, the change in average expenses between 1981 and 1985 is indicated in Table 3.16 along with the highest and lowest amounts of football expenses reported during 1985. Football expenses for 1985 are summarized with frequency distributions in Table 3.17. For 1985, there was a wide range of foot-

TABLE 3.16
SUMMARY ANALYSIS OF FOOTBALL EXPENSES

Fiscal Years 1981 and 1985
(Dollar Amounts in Thousands)

Respondent Category	Average Expenses 1981	Average Expenses 1985	Percentage Increase	1985 Expense Range High	1985 Expense Range Low
Class A Institutions	$1,335	$1,780	33%	$6,000	$82
Class B Institutions	123	245	99	558	39
Class C Institutions	42	62	48	1,900	37

TABLE 3.17
FREQUENCY DISTRIBUTIONS FOR FOOTBALL EXPENSES

Fiscal Year 1985
(Dollar Amounts in Thousands)

Class A Group			Class B Group			Class C Group		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
$ 0	$ 500	7	$ 0	$ 50	2	$ 0	$ 20	5
500	1,000	54	50	100	6	20	40	24
1,000	1,500	14	100	150	4	40	60	17
1,500	2,000	13(M)	150	200	3	60	80	16(M)
2,000	2,500	17	200	250	5(M)	80	100	11
2,500	3,000	14	250	300	4	100	120	4
3,000	3,500	10	300	350	5	120	140	5
3,500	4,000	2	350	400	2	140	160	0
4,000	4,500	4	400	450	1	160	180	1
4,500		7	450		4	180		1
		142			36			84

(M) Indicates expense interval corresponding with average football expenses for 1985.

TABLE 3.18
FOOTBALL EXPENSES CLASSIFIED BY OBJECT

Fiscal Years 1981 and 1985

Expenses by Object as a Percentage of Total Football Expenses	Class A Group 1985	Class A Group 1981	Class B Group 1985	Class B Group 1981	Class C Group 1985	Class C Group 1981
Grants-in-aid	24%	20%	42%	37%	1%	2%
Guarantees and options paid	19	23	2	4	*	1
Salaries and wages	22	20	24	21	41	37
Team travel, scouting, recruiting	14	14	12	15	20	20
Equipment and supplies	5	5	9	9	18	17
All other expenses	16	18	11	14	20	23
Total Football Expenses	100%	100%	100%	100%	100%	100%

*Less than 1 percent

ball expenses reported by each respondent category. For the Class A group, 43 percent of the institutions reported football expenses of $1 million or less. In Class B, 42 percent of the institutions reported football expenses of $200,000 or less. In Class C, 55 percent of the respondents had football expenses of $60,000 or less in 1985.

Football expenses classified by object are shown on a percentage basis for fiscal years 1981 and 1985 in Table 3.18. The five major expense classifications are grants-in-aid, salaries, guarantees and options, travel, and equipment. On a combined basis, these five expenses in 1985 accounted for 84 percent of football expenses in Class A, 89 percent in Class B and 80 percent in Class C. As a percentage of total football expenses, grants-in-aid increased on a relative basis for each respondent group. In general, salaries and wages also increased as a percentage of

TABLE 3.19
ANALYSIS OF TRENDS IN BASKETBALL EXPENSES

Fiscal Years 1973-1985
(Dollar Amounts in Thousands)

Expense Measures by Respondent Category	1973	1977	1981	1985
Class A Institutions				
Average basketball expenses	$166	$245	$329	$489
Percentage of total expenses	10%	11%	10%	11%
Ratio to 1973 expenses	100	148	198	295
Class B Institutions				
Average basketball expenses	$ 53	$ 69	$ 54	$117
Percentage of total expenses	15%	15%	15%	16%
Ratio to 1973 expenses	100	130	102	221
Class C Institutions				
Average basketball expenses	$ 25	$ 25	$ 47	$ 62
Percentage of total expenses	17%	14%	18%	17%
Ratio to 1973 expenses	100	100	188	248
Class D Institutions				
Average basketball expenses	$107	$142	$273	$314
Percentage of total expenses	47%	43%	43%	36%
Ratio to 1973 expenses	100	133	255	293
Class E Institutions				
Average basketball expenses	$ 42	$ 51	$ 71	$132
Percentage of total expenses	40%	30%	32%	32%
Ratio to 1973 expenses	100	121	169	314
Class F Institutions				
Average basketball expenses	$ 16	$ 23	$ 17	$ 40
Percentage of total expenses	23%	22%	15%	24%
Ratio to 1973 expenses	100	144	106	250

TABLE 3.20
SUMMARY ANALYSIS OF BASKETBALL EXPENSES

Fiscal Years 1981 and 1985
(Dollar Amounts in Thousands)

Respondent Category	Average Expenses 1981	Average Expenses 1985	Percentage Increase	1985 Expense Range High	1985 Expense Range Low
Class A Institutions	$329	$489	49%	$1,684	$42
Class B Institutions	54	117	117	562	13
Class C Institutions	47	62	32	886	4
Class D Institutions	273	314	15	744	28
Class E Institutions	71	132	86	287	8
Class F Institutions	17	40	135	772	5

total football expenses between 1981 and 1985.

Analysis of Basketball Expenses

Expenses related to basketball are analyzed in the following exhibits:

- Table 3.19—Analysis of Trends in Basketball Expenses
- Table 3.20—Summary Analysis of Basketball Expenses
- Table 3.21—Frequency Distributions for Basketball Expenses
- Table 3.22—Basketball Expenses Classified by Object

Between 1973 and 1985, average basketball expenses as shown in Table 3.19 increased 195 percent for Class A, 121 percent for Class B, 148 percent for Class C, 193 percent for Class D, 214 percent for Class E and 150 percent for Class F. In relationship to total expenses, basketball expenses consistently have represented approximately 10 percent of total expenses for Class A, 15 percent for Class B and 17 percent for Class C.

Table 3.20 summarizes trends in basketball expenses between 1981 and 1985. Frequency distributions for 1985 basketball expenses are shown in Table 3.21. There was a significant range in 1985 basketball expenses reported in each class, but individual expense amounts were distributed fairly evenly about the reported averages. Basketball expenses classified by object are compared on a percentage basis in Table 3.22 for fiscal years 1981 and 1985. The five major object classifications of expenses defined in this report accounted for at least 73 percent of total basketball expenses of all respondent categories in 1985. The general trend between 1981 and 1985 was an increase in grants-in-aid expenses as a percentage of total basketball expenses.

Summary

Average total operating expenses of intercollegiate athletics programs increased substantially

TABLE 3.21
FREQUENCY DISTRIBUTIONS FOR BASKETBALL EXPENSES
Fiscal Year 1985
(Dollar Amounts in Thousands)

Class A Group

More Than	Less Than	Number
$ 0	$ 100	1
100	200	15
200	300	29
300	400	27
400	500	12(M)
500	600	10
600	700	18
700	800	8
800	900	10
900		12
		142

Class B Group

More Than	Less Than	Number
$ 0	$ 25	5
25	50	4
50	75	5
75	100	7
100	125	4(M)
125	150	2
150	175	4
175	200	1
200	225	0
225		3
		35

Class C Group

More Than	Less Than	Number
$ 0	$ 10	9
10	20	21
20	30	17
30	40	13
40	50	8
50	60	1
60	70	4(M)
70	80	1
80	90	0
90		9
		83

Class D Group

More Than	Less Than	Number
$ 0	$ 50	2
50	100	2
100	150	4
150	200	1
200	250	5
250	300	2
300	350	4(M)
350	400	2
400	450	4
450		7
		33

Class E Group

More Than	Less Than	Number
$ 0	$ 20	1
20	40	2
40	60	1
60	80	4
80	100	2
100	120	1
120	140	2(M)
140	160	2
160	180	2
180		7
		24

Class F Group

More Than	Less Than	Number
$ 0	$ 10	11
10	20	18
20	30	4
30	40	2(M)
40	50	4
50	60	5
60	70	2
70	80	1
80	90	0
90		1
		48

(M) Indicates expense interval corresponding with average basketball expenses for 1985.

during the four-year period ending in fiscal year 1985. During the period 1982-1985, compound annual growth rates for total expenses ranged from 10 percent in Class A to 15 percent in Class D. For the same period, a 12 percent cumulative increase in average total expenses would be expected if operating expenses had increased at a rate equal to inflationary trends measured by the Gross National Product price index. Average total expenses of all respondent groups increased by more than 12 percent between 1982 and 1985. After adjustment for inflation, all respondent groups showed a real increase in average total expenses between 1982 and 1985, ranging from 18 percent for Class A to 36 percent for Class D. The estimated aggregate expenses of all NCAA member institutions in 1985 were $1.2 billion.

The major types of operating expenses classified by object are grants-in-aid, guarantees and options paid, salaries, travel, and equipment. Between fiscal years 1977 and 1985, the prevalent trend was an increase in grants-in-aid as a percentage of total expenses. For grants-in-aid expenses, the general pattern between 1981 and 1985 was an increase in the number of full grants available and an increase in the number of athletes receiving partial grants-in-aid. Increases in total grants-in-aid expenses between 1981 and 1985 primarily were caused by increases in the annual cost of a full grant. As a percentage of total expenses, expenses directly related to football consistently have decreased on a relative basis since 1973. The general expense profile of each respondent group is presented in the Expenses Graphics Section, which begins on the next page.

TABLE 3.22
BASKETBALL EXPENSES CLASSIFIED BY OBJECT
Fiscal Years 1981 and 1985

Expenses by Object as a Percentage of Total Basketball Expenses	Grants-in-Aid	Guarantees and Options	Salaries and Wages	Team and Other Travel	Equipment and Supplies	All Other Expenses	Total Basketball Expenses
Class A Institutions							
Fiscal year 1981	13%	9%	27%	24%	3%	24%	100%
Fiscal year 1985	15	8	28	22	4	23	100
Class B Institutions							
Fiscal year 1981	27%	3%	27%	23%	7%	13%	100%
Fiscal year 1985	33	4	28	17	6	12	100
Class C Institutions							
Fiscal year 1981	21%	3%	30%	26%	6%	14%	100%
Fiscal year 1985	19	2	36	25	6	12	100
Class D Institutions							
Fiscal year 1981	26%	6%	24%	24%	6%	14%	100%
Fiscal year 1985	25	6	22	19	4	24	100
Class E Institutions							
Fiscal year 1981	34%	3%	20%	14%	6%	23%	100%
Fiscal year 1985	41	2	25	16	5	11	100
Class F Institutions							
Fiscal year 1981	1%	2%	31%	29%	15%	22%	100%
Fiscal year 1985	7	*	31	24	10	27	100

*Less than 1 percent

Expenses Graphics Section

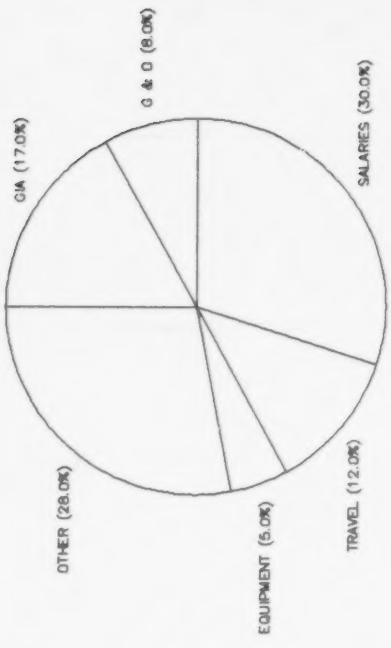
Each of the following pages presents expenses graphs for each respondent category. Each graph and related sources of data are described below.

Average Total Expenses, 1978-1985 (line chart) Amounts shown in actual dollars and 1978 constant dollars. Data sources: Table 3.1; Table 3.4

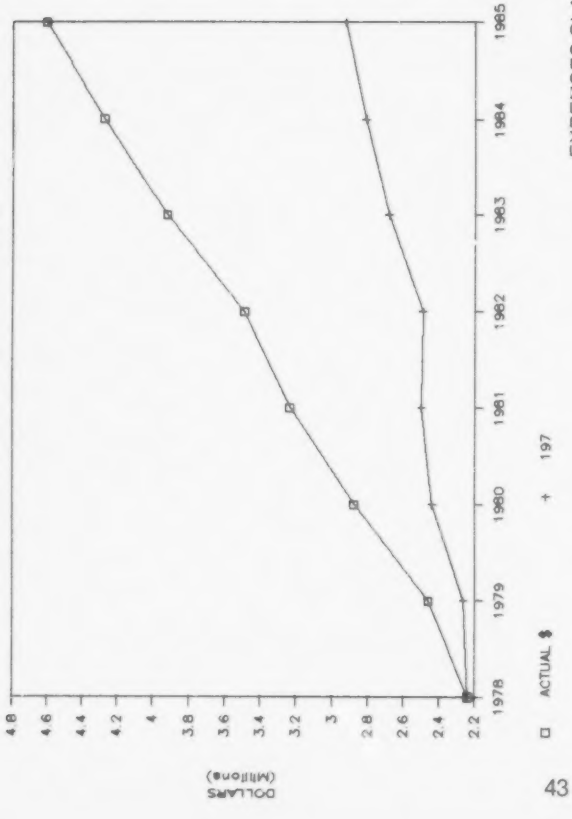
Expenses Classified by Object, 1985 (pie chart) Data sources: Table 3.9; Table 3.10

Expenses Classified by Sport, 1981 and 1985 (bar chart) Data sources: Table 3.13; Table 3.14

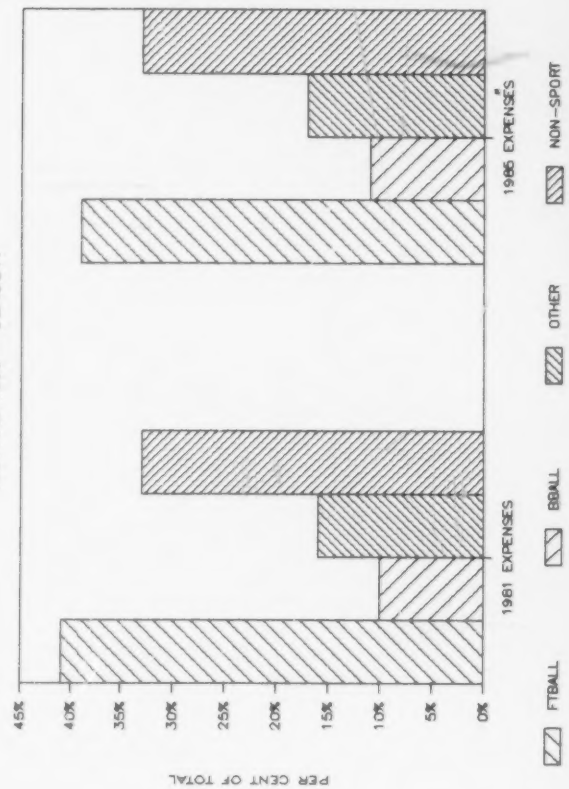
EXPENSES CLASSIFIED BY OBJECT
FISCAL YEAR 1985 — CLASS A



AVERAGE TOTAL EXPENSES — CLASS A
ACTUAL AND 1978 CONSTANT DOLLARS

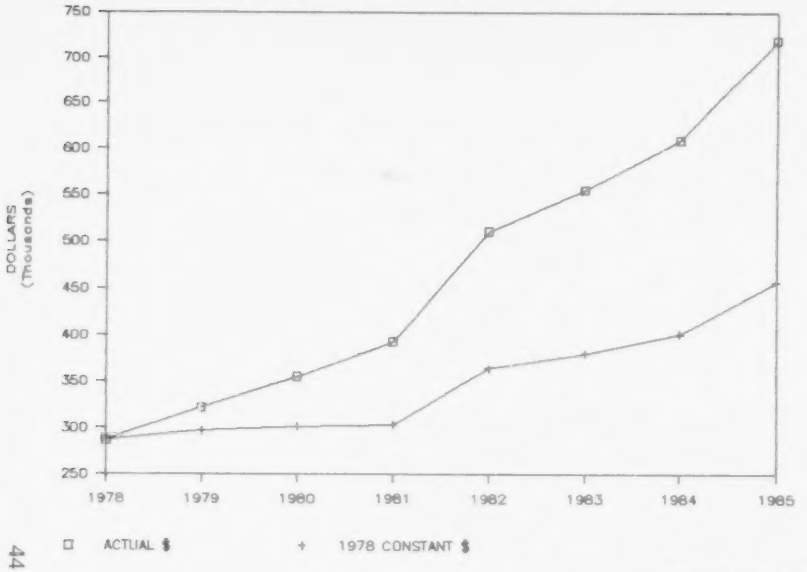


EXPENSES CLASSIFIED BY SPORT
1981 AND 1985 — CLASS A



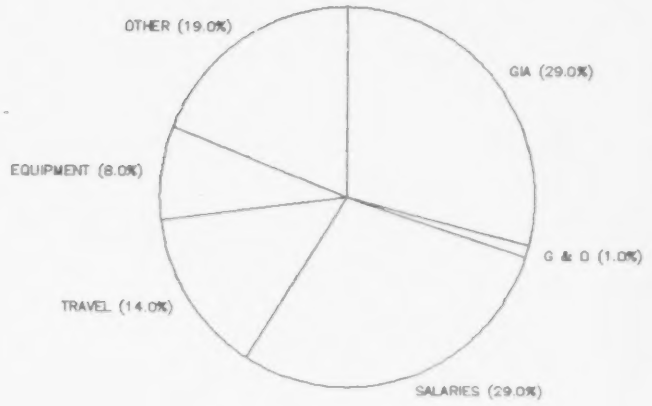
AVERAGE TOTAL EXPENSES — CLASS B

ACTUAL AND 1978 CONSTANT DOLLARS



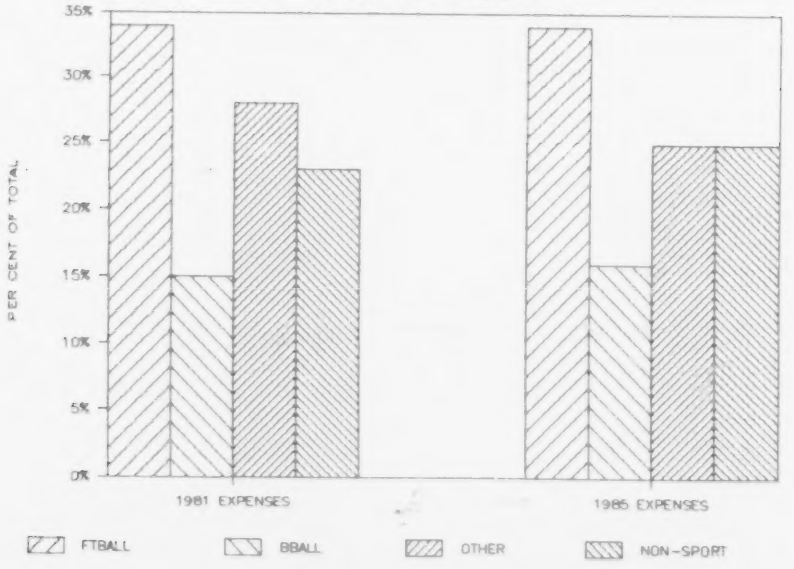
EXPENSES CLASSIFIED BY OBJECT

FISCAL YEAR 1985 — CLASS B



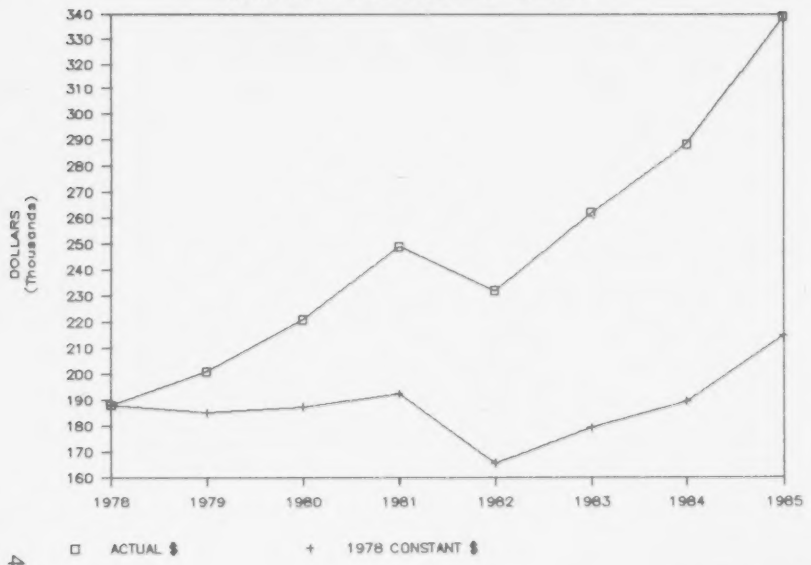
EXPENSES CLASSIFIED BY SPORT

1981 AND 1985 — CLASS B



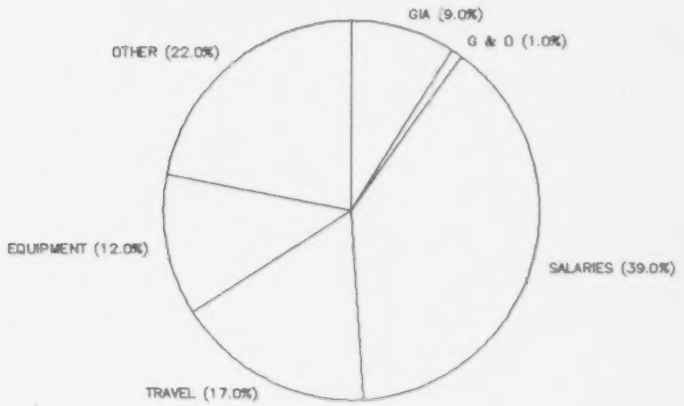
AVERAGE TOTAL EXPENSES — CLASS C

ACTUAL AND 1978 CONSTANT DOLLARS



EXPENSES CLASSIFIED BY OBJECT

FISCAL YEAR 1985 — CLASS C



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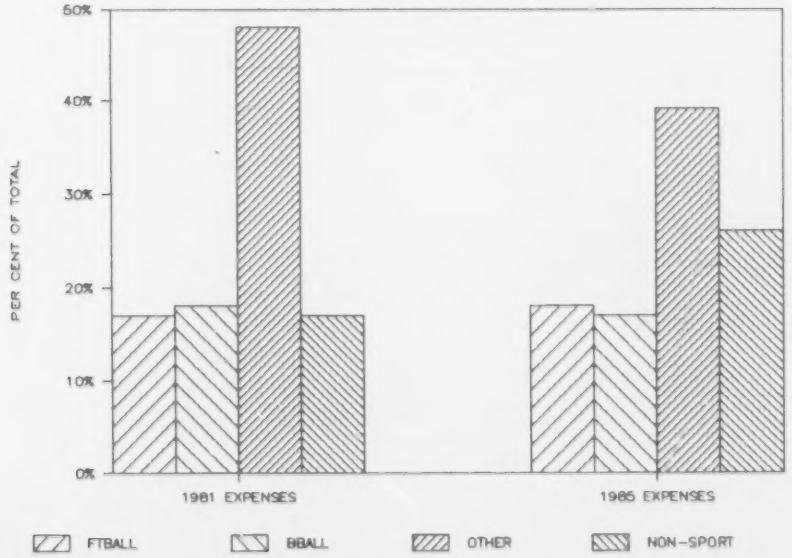
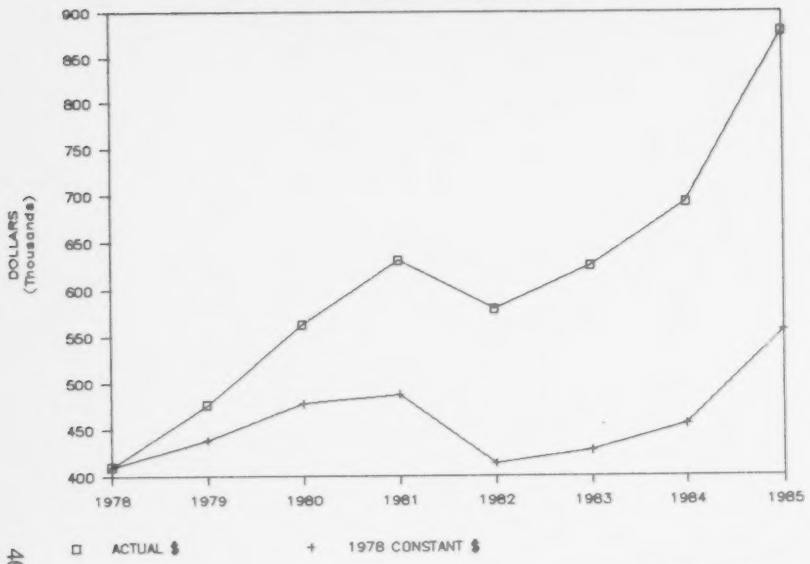
1981 AND 1985 — CLASS C



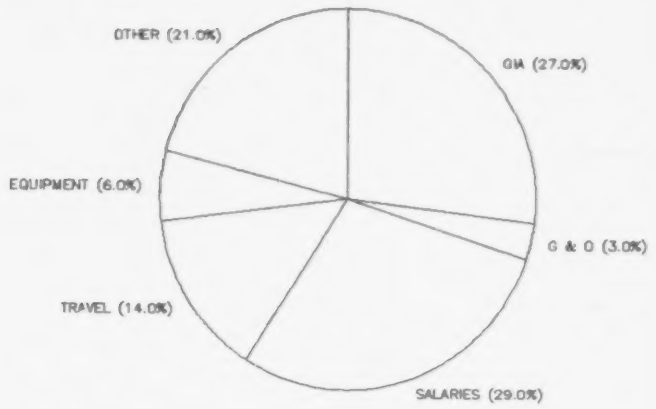
AVERAGE TOTAL EXPENSES — CLASS D

ACTUAL AND 1978 CONSTANT DOLLARS



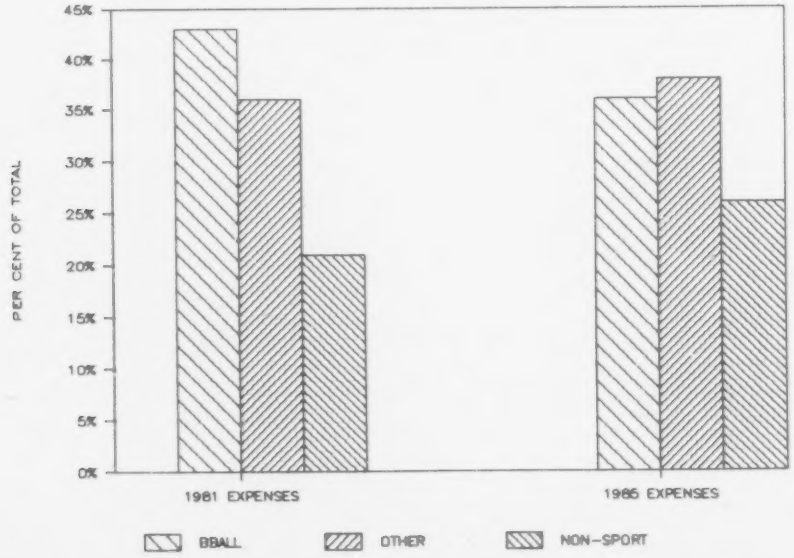
EXPENSES CLASSIFIED BY OBJECT

FISCAL YEAR 1985 — CLASS D



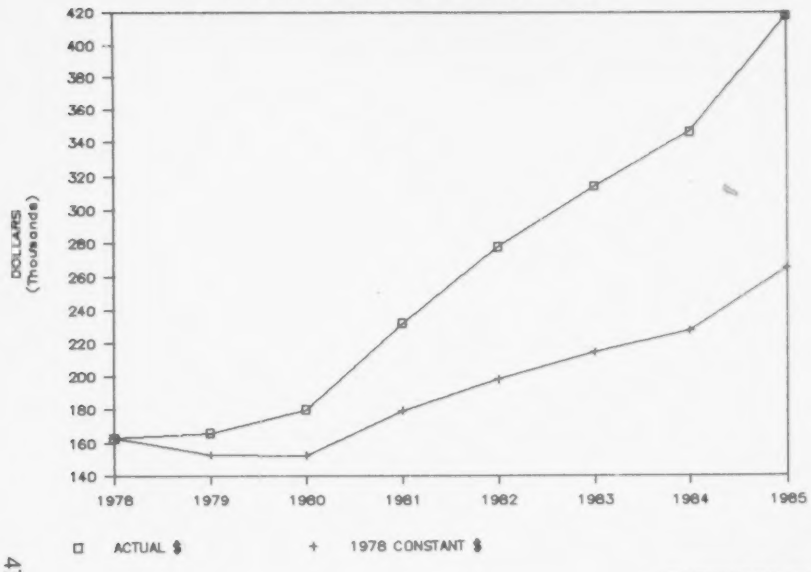
EXPENSES CLASSIFIED BY SPORT

1981 AND 1985 — CLASS D



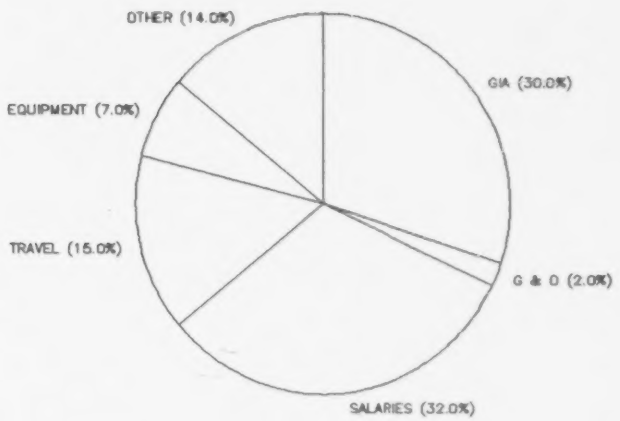
AVERAGE TOTAL EXPENSES — CLASS E

ACTUAL AND 1978 CONSTANT DOLLARS



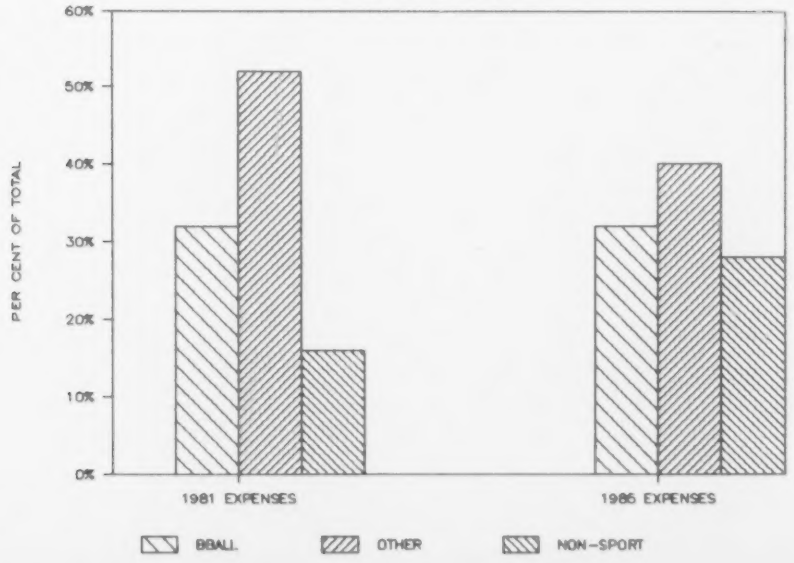
EXPENSES CLASSIFIED BY OBJECT

FISCAL YEAR 1985 — CLASS E



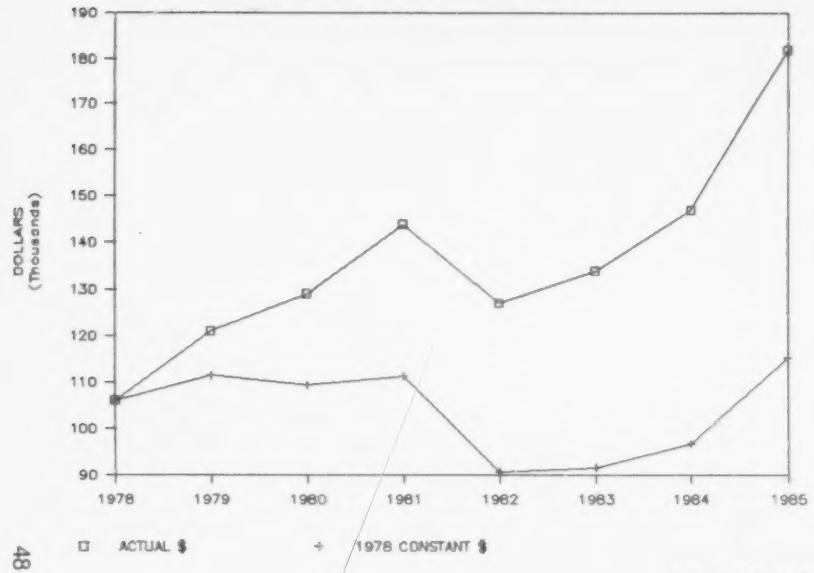
EXPENSES CLASSIFIED BY SPORT

1981 AND 1985 — CLASS E



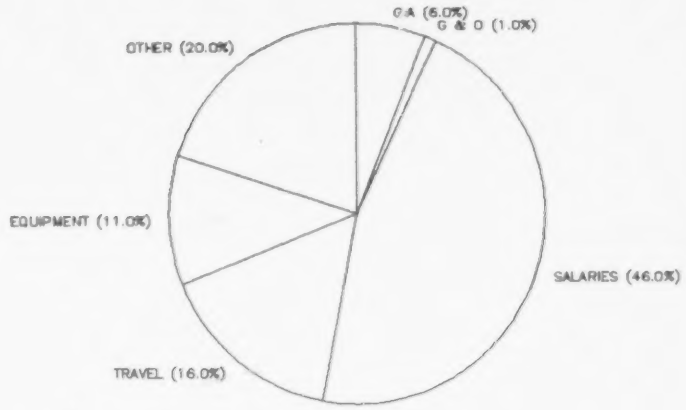
AVERAGE TOTAL EXPENSES — CLASS F

ACTUAL AND 1978 CONSTANT DOLLARS



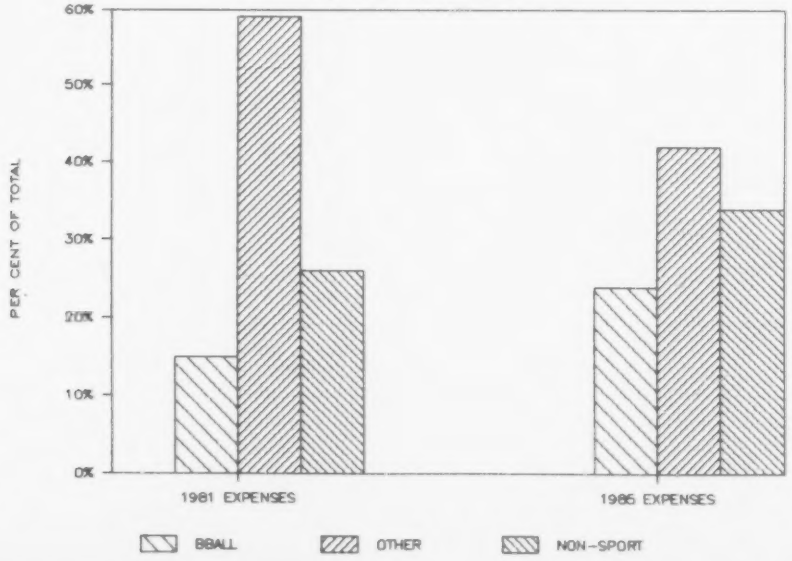
EXPENSES CLASSIFIED BY OBJECT

FISCAL YEAR 1985 — CLASS F



EXPENSES CLASSIFIED BY SPORT

1981 AND 1985 — CLASS F



CHAPTER IV

Revenue and Expense Relationships

Revenue and expense relationships are examined in this chapter by comparing average revenues and expenses and by analyzing net financial results. Net financial results were measured by comparing revenues and expenses of each respondent and classifying the difference as *operating profit* or *deficit*. Operating profit describes an excess of revenues over expenses. Deficit refers to an excess of expenses over revenues. The earning of profits is not consistent with the financial objectives of most athletics programs. The term *profit* is used in this study to describe a condition in which revenues exceed expenses.

Operating profits and deficits are analyzed for the total athletics program and for the major sports of football and basketball. The financial objectives and operating policies affecting respondents' athletics programs are summarized in order to provide a basis for evaluating revenue and expense relationships. This chapter also includes an analysis of revenues and expenses related to women's athletics programs. A summary of factors explaining general financial trends concludes the report.

Financial Objectives and Policies

The significance of operating profits and deficits for athletics programs depends upon the financial objectives and related policies that govern the operation of these programs. In the 1981 study, and again in 1985, sufficiency of revenues was cited as the dominant financial objective of athletics programs. If an athletics program generates significant revenues, then it should be accounted for within the university as an *auxiliary enterprise* that provides services on a fee basis. Fees charged for these services are related directly to the cost of rendering services. An understanding of this environment and related financial objectives is essential to an interpretation of revenue and expense relationships for athletics programs.

With regard to basic financial objectives, 93 percent of all respondents in the 1985 survey specified revenue sufficiency objectives that are consistent with the goal of generating revenues to recover program costs. The response summary below indicates the dominance of financial objectives related to revenue sufficiency (Part I, Question No. 4). The first two objectives (Q-4d and Q-4c) in this listing are related to the goal of revenue sufficiency.

The first-ranked financial objective in all categories except Class A is "to earn as much revenue as possible with any deficit in athletics covered by gen-

Indicated Financial Objectives of Athletics Programs	Percentage of Respondents					
	A	B	C	D	E	F
Q-4d) Earn maximum revenues with any deficits financed by institutional resources						
1981 survey	26%	72%	90%	71%	71%	78%
1985 survey	29	57	94	56	81	84
Q-4c) Earn sufficient revenues to recover program costs						
1981 survey	58%	21%	10%	24%	29%	22%
1985 survey	57	32	6	35	11	15
Q-4a) Earn profits in order to expand the athletics program						
1981 survey	15%	5%	0%	5%	0%	0%
1985 survey	13	8	0	9	4	1
Q-4b) Earn profits to support nonathletics activities of the institution						
1981 survey	1%	2%	0%	0%	0%	0%
1985 survey	1	3	0	0	4	0

Extent of Reliance Upon Institutional Resources	Rank Order of Indicated Policies By Class					
	A	B	C	D	E	F
Q-3a) To cover any athletics program deficit	4	3	3	2	3	3
Q-3b) To pay certain operating expenses	1	1	1	1	1	1
Q-3c) To support nonrevenue sports	3	2	2	3	2	2
Q-3d) None (self-supporting program)	2	4	4	4	4	4

eral operating funds of the institution" (Q-4d). For the Class A group, the first-ranked objective is "to earn sufficient revenues to cover the expenses of athletics programs" (Q-4c).

A policy matter related to the financial objectives expressed by most respondents concerns the ability of the athletics program to rely upon institutional resources to cover deficits or certain operating expenses. The summary above presents the rank order of policies indicated by respondents as being applicable to their operations (Part I, Question No. 3).

As ranked by all respondents collectively, the most common practice (64 percent) is Q-3b, to pay certain operating expenses such as salaries and travel from institutional resources (funds not generated by the athletics program). The second most frequently cited policy is Q-3c, to use institutional funds to support nonrevenue-producing sports (58 percent). The third-ranked policy is Q-3a, reliance upon institutional resources only if a deficit is incurred by the athletics program (48 percent). The least frequently cited policy is Q-3d, operating on a self-supported basis within the limits of revenues generated by the athletics program (23 percent of all respondents collectively).

In contrast with other respondents, 44 percent of the Class A group indicated the self-supporting basis (Q-3d) as an applicable policy. For most athletics programs, reliance upon operating funds of

TABLE 4.1
COMPARATIVE AVERAGES FOR TOTAL REVENUES AND EXPENSES
Fiscal Years 1978-1985
(Dollar Amounts in Thousands)

Average Operating Results by Respondent Category	1978	1979	1980	1981	1982	1983	1984	1985
Class A Institutions								
Total revenues	$2,368	$2,581	$2,959	$3,391	$3,533	$4,175	$4,597	$4,801
Total expenses	2,238	2,460	2,875	3,243	3,491	3,920	4,271	4,609
Implied profit (a)	130	121	84	148	42	255	326	192
Class B Institutions								
Total revenues	$ 164	$ 182	$ 212	$ 248	$ 288	$ 317	$ 359	$ 419
Total expenses	287	322	355	392	510	555	609	719
Implied deficit (a)	123	140	143	144	222	238	250	300
Class C Institutions								
Total revenues	$ 40	$ 45	$ 51	$ 56	$ 34	$ 43	$ 44	$ 71
Total expenses	188	201	221	249	232	262	288	339
Implied deficit	148	156	170	193	198	219	244	268
Class D Institutions								
Total revenues	$ 277	$ 343	$ 384	$ 476	$ 395	$ 454	$ 470	$ 598
Total expenses	410	476	563	631	579	625	692	878
Implied deficit	133	133	179	155	184	171	222	280
Class E Institutions								
Total revenues	$ 74	$ 77	$ 86	$ 102	$ 161	$ 182	$ 206	$ 282
Total expenses	163	166	180	232	278	314	346	418
Implied deficit	89	89	94	130	117	132	140	136
Class F Institutions								
Total revenues	$ 24	$ 26	$ 29	$ 30	$ 87	$ 78	$ 83	$ 129
Total expenses	106	121	129	144	127	134	147	182
Implied deficit	82	95	100	114	40	56	64	53

(a) *Deficit* is used to describe an excess of expenses over revenues. *Profit* is used to describe an excess of revenues over expenses.

the institution is essential. In respondent categories other than Class A, most institutions reported operating expenses in excess of revenues for the athletics program. In general, the revenue and expense relationships presented in this chapter are consistent with the prevalent financial objectives and related policies of athletics programs.

Analysis of Revenues and Expenses

A comparative analysis of revenues and expenses reveals the basic financial characteristics of an athletics program. In the following sections, average revenues and expenses are compared to indicate the net resource requirements of each respondent group. Actual operating profits and deficits of respondents in each category are then analyzed separately.

Total Revenues and Expenses

Total revenues and expenses are analyzed comparatively in the following exhibits:

- Table 4.1—Comparative Averages for Total Revenues and Expenses
- Table 4.2—Total Operating Profits and Deficits
- Table 4.3—Frequency Distributions for Operating Deficits

As indicated in Table 4.1, average total expenses exceeded average total revenues of each respondent group during the period 1978-1985, with the exception of Class A. Differences between average revenues and expenses in Table 4.1 are described as *implied* deficits or profits and were computed only for purposes of summarizing the comparative differences between revenues and expenses of each category. For the eight-year period 1978-1985, the implied deficits of applicable respondent groups tended to increase. This general trend indicates that revenue growth was not sufficient to match the increase in total operating expenses. Average revenues of the Class A group, however, exceeded average expenses each year during the period 1978-1985.

Actual operating profits and deficits based on total revenues and expenses of each respondent are summarized in Table 4.2 for 1977, 1981 and 1985. For Class A, 42 percent of the respondents reported deficits in fiscal year 1985 that increased from an

TABLE 4.2
TOTAL OPERATING PROFITS AND DEFICITS
Fiscal Years 1977-1985
(Dollar Amounts in Thousands)

Average Total Revenues and Expenses by Respondent Category	Revenues Exceed Expenses		Expenses Exceed Revenues		Number With Balanced Budget	Percent Reporting Deficits
	Number of Respondents	Average Profit	Number of Respondents	Average Deficit		
Class A Institutions						
Fiscal year 1985	70	$1,085	59	$824	13	42%
Fiscal year 1981	50	616	39	506	8	40
Fiscal year 1977	47	281	30	523	4	37
Class B Institutions						
Fiscal year 1985	5	$ 111	27	$421	4	75%
Fiscal year 1981	7	58	28	225	4	72
Fiscal year 1977	10	79	35	240	6	69
Class C Institutions						
Fiscal year 1985	5	$ 7	72	$309	1	92%
Fiscal year 1981	2	38	59	230	2	94
Fiscal year 1977	5	44	65	138	1	92
Class D Institutions						
Fiscal year 1985	9	$ 256	23	$514	2	68%
Fiscal year 1981	5	158	14	312	1	70
Fiscal year 1977	5	138	15	226	0	75
Class E Institutions						
Fiscal year 1985	6	$ 19	14	$259	4	58%
Fiscal year 1981	5	8	18	202	3	69
Fiscal year 1977	2	3	19	98	3	79
Class F Institutions						
Fiscal year 1985	7	$ 76	30	$116	7	68%
Fiscal year 1981	1	2	17	106	6	71
Fiscal year 1977	0	0	10	43	4	71

average of $523,000 in 1977 to $824,000 in 1985. Although average revenues and expenses increased materially during these years, the percentage of Class A respondents reporting deficits increased from 37 percent to 42 percent. Accordingly, revenues in 1985 were sufficient for 58 percent of the Class A institutions to recover total operating expenses. The average deficit for all respondent groups other than Class A increased significantly between 1977 and 1985. Operating deficits incurred during 1985 are described further by the frequency distributions in Table 4.3. The largest 1985 deficit reported by each group was $3,904,000 in Class A; $1,242,000 in Class B; $1,701,000 in Class C; $1,515,000 in Class D; $581,000 in Class E, and $854,000 in Class F.

In 1985, 58 percent of Class A respondents reported total revenues that equaled or exceeded total expenses. The average operating profit of $1,085,000 for Class A respondents is described by the frequency distribution in the next column.

Excess of Total Revenues Over Total Expenses (Thousands of Dollars)		Number of Class A Respondents
More Than	Less Than or Equal To	
$ 0	$ 250	25
250	500	9
500	750	4
750	1,000	7
1,000	1,250	3
1,250	1,500	6
1,500	1,750	2
1,750	2,000	1
2,000	2,250	2
2,250		11
Class A Respondents with 1985 Profit		70

For the 70 Class A respondents reporting profits in 1985, 36 percent had profits of $250,000 or less. The largest 1985 operating profit in Class A was $7,081,000. Accordingly, many Class A institutions are able to operate the athletics program on a self-supporting basis; 57 percent of the Class A group

TABLE 4.3
FREQUENCY DISTRIBUTIONS FOR TOTAL OPERATING DEFICITS*
Fiscal Year 1985
(Dollar Amounts in Thousands)

Class A Group

More Than	Less Than	Number
$ 0	$ 200	22
200	400	4
400	600	6
600	800	3
800	1,000	3(M)
1,000	1,200	4
1,200	1,400	4
1,400	1,600	0
1,600	1,800	5
1,800		8
		59

Class B Group

More Than	Less Than	Number
$ 0	$ 100	2
100	200	7
200	300	5
300	400	3
400	500	1(M)
500	600	1
600	700	1
700	800	2
800	900	2
900		3
		27

Class C Group

More Than	Less Than	Number
$ 0	$ 50	3
50	100	9
100	150	9
150	200	11
200	250	5
250	300	8
300	350	7(M)
350	400	5
400		15
		72

Class D Group

More Than	Less Than	Number
$ 0	$ 100	4
100	200	1
200	300	2
300	400	3
400	500	4
500	600	1(M)
600	700	1
700	800	2
800	900	3
900		2
		23

Class E Group

More Than	Less Than	Number
$ 0	$ 50	1
50	100	2
100	150	2
150	200	2
200	250	0
250	300	1(M)
300	350	1
350	400	2
400	450	1
450		2
		14

Class F Group

More Than	Less Than	Number
$ 0	$ 25	4
25	50	8
50	75	4
75	100	1
100	125	4(M)
125	150	3
150	175	2
175	200	0
200	225	2
225		2
		30

*Operating deficit is defined as the excess of total expenses over total revenues.
(M) Indicates deficit interval corresponding with average 1985 deficit.

indicated this policy as a financial objective, and 49 percent reported operating profits in 1985. Since the majority of respondents in all other categories reported operating deficits, greater reliance on institutional resources is necessary to finance these athletics programs.

Football Revenues and Expenses

Average revenues and expenses for football are compared in Table 4.4 for the period 1973-1985. Between 1973 and 1985, Class A football revenues exceeded average expenses each year; average revenues and expenses for Class A increased more than 100 percent during this 12-year period. The implied operating profit for Class A football was 30 percent of average revenues in both 1981 and 1985. For Class B and C respondents, the excess of average football expenses over average revenues increased annually between 1973 and 1985. For these two respondent groups, revenue growth in football was insufficient to recover the annual increases in average football expenses.

Actual football profits and deficits in 1977, 1981 and 1985 are analyzed in Table 4.5. The percentage of Class A and Class B respondents with football deficits increased between 1981 and 1985. During the period 1977-1985, the percentage of all respondent groups reporting football deficits tended to remain constant. However, the average football def-

TABLE 4.4
AVERAGE REVENUES AND EXPENSES IN FOOTBALL
Fiscal Years 1973-1985
(Dollar Amounts in Thousands)

Average Results for Football by Respondent Category	1973	1977	1981	1985
Class A Institutions				
Total revenues	$1,028	$1,333	$1,919	$2,530
Total expenses	793	1,045	1,335	1,780
Implied profit	235	288	584	750
Class B Institutions				
Total revenues	$ 64	$ 88	$ 62	$ 92
Total expenses	140	195	123	245
Implied deficit	76	107	61	153
Class C Institutions				
Total revenues	$ 13	$ 10	$ 9	$ 11
Total expenses	33	38	42	62
Implied deficit	20	28	33	51

TABLE 4.5
OPERATING PROFITS AND DEFICITS IN FOOTBALL
Fiscal Years 1977-1985
(Dollar Amounts in Thousands)

Average Results for Football by Respondent Category	Revenues Exceed Expenses		Expenses Exceed Revenues		Percent Reporting Deficits
	Number of Respondents	Average Profit	Number of Respondents	Average Deficit	
Class A Institutions					
Fiscal year 1985	72	$1,873	66	$431	48%
Fiscal year 1981	56	1,142	36	248	39
Fiscal year 1977	43	797	38	221	47
Class B Institutions					
Fiscal year 1985	3	$ 49	32	$176	91%
Fiscal year 1981	6	36	34	83	85
Fiscal year 1977	4	102	44	137	92
Class C Institutions					
Fiscal year 1985	4	$ 2	79	$ 56	95%
Fiscal year 1981	2	7	60	37	97
Fiscal year 1977	2	22	47	29	96

Respondent Category	Percentage of Total Revenues and Expenses Related to Football				Resource Allocation Index	
	Revenues		Expenses			
	1985	1981	1985	1981	1985	1981
Class A	53%	56%	39%	41%	1.36	1.37
Class B	22	28	34	34	.65	.82
Class C	14	17	18	17	.78	1.00

icit reported by Class A respondents increased 95 percent between 1977 and 1985.

The largest operating profits and deficits in football for 1985 are shown by the following tabulations, with dollar amounts in thousands.

Football Profits And Deficits ($000)	Largest Amounts Reported (1985)	
	Football Profit	Football Deficit
Class A	$8,044	$1,372
Class B	145	390
Class C	6	188

Consistent with the profitability of football for many Class A respondents, the average 1985 football profit of $1,873,000 exceeds the average deficit of $431,000; the largest football deficit of $1,372,000 is less than the average football profit. Since 91 percent of Class B and 95 percent of Class C respondents reported football deficits in 1985, the average 1985 football profits for these respondent groups are relatively insignificant. In 1985, the number of respondents with football profits was three in Class B and four in Class C.

As a summary of the revenue and expense relationships for intercollegiate football, the tabulation above compares the percentage of total revenues provided by football with the percentage of total expenses related to football in fiscal years 1981 and 1985.

As a general trend, the percentage of total reve-

TABLE 4.6
AVERAGE REVENUES AND EXPENSES IN BASKETBALL
Fiscal Years 1973-1985
(Dollar Amounts in Thousands)

Average Results for Basketball by Respondent Category	1973	1977	1981	1985
Class A Institutions				
Total revenues	$148	$270	$445	$714
Total expenses	166	245	329	489
Implied profit (deficit)	(18)	25	116	225
Class B Institutions				
Total revenues	$ 29	$ 44	$ 26	$ 64
Total expenses	53	69	54	117
Implied deficit	24	25	28	53
Class C Institutions				
Total revenues	$ 17	$ 16	$ 23	$ 32
Total expenses	25	25	47	62
Implied deficit	8	9	24	30
Class D Institutions				
Total revenues	$ 84	$129	$284	$329
Total expenses	107	142	273	314
Implied profit (deficit)	(23)	(13)	11	15
Class E Institutions				
Total revenues	$ 15	$ 17	$ 19	$ 65
Total expenses	42	51	71	132
Implied deficit	27	34	52	67
Class F Institutions				
Total revenues	$ 2	$ 5	$ 3	$ 52
Total expenses	16	23	17	40
Implied profit (deficit)	(14)	(18)	(14)	12

nues provided by football decreased; the percentage of total expenses directly related to football also decreased. The resource allocation index shown above measures the proportionate relationship between share of total revenues provided by football and share of total expenses related to football.

For example, the 1985 resource allocation index for Class A football is 1.36, which is the 53 percent revenue share divided by the 39 percent expense share. An index of 1.0 or greater indicates that football provided a greater percentage of total revenues than it required as a percentage of total expenses. The resource allocation index is a measure of resources provided compared with resources used. An index of less than 1.0 indicates that football utilized a disproportionate share of total funds. Between 1981 and 1985, average total revenues and expenses increased significantly for Class A, B and C. For the Class A group, the percentage of total revenues provided by football remained proportionate to the percentage of total expenses related to football. For Class B and C, football continued to utilize a disproportionate share of total funds, as indicated by resource allocation indices below 1.0 in 1985.

Basketball Revenues and Expenses

Average revenues and expenses for basketball, and implied profit or deficit amounts, are presented in Table 4.6 for the period 1973-1985. Except for Class A and D institutions, average basketball expenses typically exceeded average basketball revenues. For Class A and D institutions, the increase in average basketball revenues between 1973 and 1985 significantly exceeded the increase in average basketball expenses.

Actual operating profits and deficits for basketball are compared in Table 4.7 for fiscal years 1977, 1981 and 1985. The percentage of respondents reporting basketball deficits between 1977 and 1985 decreased in Class A, Class D, Class E and Class F. This general trend corresponds with the overall pattern of changes in average basketball revenues and expenses and indicates that a larger number of respondents experienced revenue growth that exceeded related increases in basketball expenses. This trend was most significant for the Class A and Class D groups.

The largest operating profits and deficits in bas-

TABLE 4.7
OPERATING PROFITS AND DEFICITS IN BASKETBALL
Fiscal Years 1977-1985
(Dollar Amounts in Thousands)

Average Results for Basketball by Respondent Category	Revenues Exceed Expenses		Expenses Exceed Revenues		Percent Reporting Deficits
	Number of Respondents	Average Profit	Number of Respondents	Average Deficit	
Class A Institutions					
Fiscal year 1985	68	$612	71	$145	51%
Fiscal year 1981	45	320	45	80	50
Fiscal year 1977	37	173	44	85	54
Class B Institutions					
Fiscal year 1985	5	$ 19	29	$ 67	85%
Fiscal year 1981	6	12	34	38	85
Fiscal year 1977	8	35	38	40	83
Class C Institutions					
Fiscal year 1985	6	$ 92	77	$ 44	93%
Fiscal year 1981	3	2	58	32	95
Fiscal year 1977	5	3	44	16	90
Class D Institutions					
Fiscal year 1985	9	$347	22	$149	71%
Fiscal year 1981	8	214	12	146	60
Fiscal year 1977	4	120	15	78	79
Class E Institutions					
Fiscal year 1985	2	$ 14	21	$ 81	91%
Fiscal year 1981	2	18	26	60	93
Fiscal year 1977	0	0	21	37	100
Class F Institutions					
Fiscal year 1985	8	$ 99	37	$ 20	82%
Fiscal year 1981	0	0	15	18	100
Fiscal year 1977	0	0	8	20	100

Respondent Category	Percentage of Total Revenues and Expenses Related to Basketball					
	Revenues		Expenses		Resource Allocation Index	
	1985	1981	1985	1981	1985	1981
Class A	15%	13%	11%	10%	1.36	1.30
Class B	15	12	16	15	.94	.80
Class C	39	41	17	18	2.29	2.28
Class D	51	59	36	43	1.42	1.37
Class E	22	19	32	32	.69	.59
Class F	42	5	24	15	1.75	.33

ketball during 1985 are shown in the following schedule, with dollar amounts in thousands.

Basketball Profits And Deficits ($000)	Largest Amounts Reported (1985)	
	Basketball Profit	Basketball Deficit
Class A	$2,306	$510
Class B	59	321
Class C	532	380
Class D	1,328	470
Class E	14	228
Class F	408	46

The relative profitability of basketball for many Class A respondents is indicated by the average 1985 profit of $612,000, which exceeds the $145,000 average deficit and exceeds the largest reported deficit of $510,000.

As a summary of the revenue and expense relationships for basketball, the tabulation above compares the percentage of total revenues provided by basketball with the percentage of total expenses related to basketball in 1981 and 1985.

The resource allocation index measures the proportionate relationship between the share of total revenues provided by basketball and the share of total

TABLE 4.8
TOTAL REVENUES AND EXPENSES OF WOMEN'S ATHLETICS PROGRAMS
Fiscal Years 1982-1985
(Dollar Amounts in Thousands)

Average Financial Results by Respondent Category	1982	1983	1984	1985
Class A Institutions				
Average total revenues (a)	$105	$116	$117	$129
Average total expenses	475	526	592	640
Expenses paid by men's program	41%	39%	41%	42%
Class B Institutions				
Average total revenues	$ 47	$ 51	$ 57	$ 75
Average total expenses	105	118	139	155
Expenses paid by men's program	11%	11%	10%	6%
Class C Institutions				
Average total revenues	$ 3	$ 4	$ 4	$ 8
Average total expenses	42	47	56	65
Expenses paid by men's program	0%	0%	0%	0%
Class D Institutions				
Average total revenues	$ 28	$ 22	$ 18	$ 18
Average total expenses	180	210	203	206
Expenses paid by men's program	3%	3%	3%	9%
Class E Institutions				
Average total revenues	$119	$121	$115	$125
Average total expenses	94	113	124	148
Expenses paid by men's program	0%	0%	0%	0%
Class F Institutions				
Average total revenues	$ 54	$ 73	$ 42	$ 49
Average total expenses	31	39	40	42
Expenses paid by men's program	0%	0%	0%	0%

(a) Revenues exclude any direct or indirect support provided by the men's athletics program.

expenses related to basketball. For example, the 1985 resource allocation index for Class D is 1.42, which is the 51 percent share of revenues divided by the 36 percent share of expenses. A ratio of 1.0 or greater indicates that basketball provided a greater percentage of total revenues than it required as a percentage of total expenses. An index of less than 1.0 indicates that basketball utilized a disproportionate share of total funds. The resource allocation index of all respondent groups increased between 1981 and 1985, which is consistent with the general trend of substantial growth in basketball revenues.

Women's Athletics Programs

To maintain comparability with prior-year financial trends, institutions were directed to report information concerning women's intercollegiate sports separately from revenues, expenses and other data from men's athletics programs. Table 4.8 presents the average total revenues and expenses of women's athletics programs for the period 1982-1985. Institutions were directed to report information on women's sports according to the following definitions:

Revenues—revenues derived from the women's athletics program excluding any direct or indirect financial support provided by the men's athletics program.

Expenses—operating expenses directly related to the women's athletics program, including the cost of all goods and services directly related to the program without regard to the source of funds used to pay such expenses. Debt-service cost and capital expenditures were to be excluded.

For most respondent groups, there was no significant change in average total women's revenues

TABLE 4.9
FREQUENCY DISTRIBUTIONS FOR TOTAL EXPENSES OF WOMEN'S ATHLETICS PROGRAMS
Fiscal Year 1985
(Dollar Amounts in Thousands)

Class A Group

More Than	Less Than	Number
$ 0	$ 150	9
150	300	23
300	450	13
450	600	25
600	750	19(M)
750	900	10
900	1,050	12
1,050	1,200	9
1,200	1,350	3
1,350		7
		130

Class B Group

More Than	Less Than	Number
$ 0	$ 25	2
25	50	2
50	75	5
75	100	3
100	125	2
125	150	5
150	175	6(M)
175	200	2
200	225	3
225		6
		36

Class C Group

More Than	Less Than	Number
$ 0	$ 10	4
10	20	5
20	30	16
30	40	8
40	50	7
50	60	9
60	70	7(M)
70	80	6
80	90	0
90		15
		77

Class D Group

More Than	Less Than	Number
$ 0	$ 50	5
50	100	5
100	150	5
150	200	6
200	250	4(M)
250	300	2
300	350	0
350	400	2
400	450	0
450		3
		32

Class E Group

More Than	Less Than	Number
$ 0	$ 25	3
25	50	5
50	75	1
75	100	2
100	125	3
125	150	2(M)
150	175	1
175	200	2
200	225	2
225		4
		25

Class F Group

More Than	Less Than	Number
$ 0	$ 10	9
10	20	10
20	30	10
30	40	6
40	50	9(M)
50	60	2
60	70	3
70	80	4
80	90	1
90		3
		57

(M) Indicates expense interval corresponding with average total expenses for 1985.

between 1982 and 1985. However, average total expenses increased for all classes: 35 percent for Class A, 48 percent for B, 55 percent for C, 14 percent for D, 57 percent for E and 35 percent for F. Table 4.8 also indicates the percentage of total women's expenses financed or otherwise paid by the men's athletics program. Between 1982 and 1985, the percentage of total expenses paid by the men's program was significant only for Class A respondents.

Frequency distributions showing the range of total expenses for women's athletics programs in 1985 are presented in Table 4.9. The largest amounts of total expenses reported in 1985 were: $2,341,000 for Class A; $389,000 for Class B; $450,000 for Class C; $879,000 for Class D; $484,000 for Class E, and $300,000 for Class F.

Women's program activity data and financial results for women's basketball in 1985 are summarized in Table 4.10. There was no significant growth in average women's basketball revenues between 1981 and 1985. In Table 4.10, basketball expenses are shown as a percentage of total women's program expenses. Between 1981 and 1985, basketball expenses as a percentage of total women's expenses increased for all respondents except Class C. In fiscal year 1985, the percentage of total women's expenses related to basketball ranged from 21 percent for Class C to 39 percent for Class E. Between 1977 and 1985, all respondent groups except Class A showed increases in the median number of women's sports and median number of participating athletes.

The tabulation in the next column indicates the sources of funds used to finance total operating expenses of women's athletics programs in 1985.

Women's Athletics	1985 Expenses Financed By: Earned Revenues	+ Men's Program	+ Other Sources	= Total Funds Used
Class A	16%	42%	42%	100%
Class B	32	6	62	100
Class C	2	0	98	100
Class D	5	9	86	100
Class E	44	0	56	100
Class F	16	0	84	100

The percentages showing sources of funds used in 1985 are based on aggregate data reported by all respondents in a given class. The percentage for "Other Sources" was determined as the residual amount necessary to equal 100 percent funding of total women's expenses for 1985. In all respondent groups, financial support from men's programs decreased between 1981 and 1985 and is a significant factor only for Class A.

Factors Explaining Expense Trends

An objective of this report is to identify factors, conditions or developments that explain the general trends in revenues and expenses. The impact of inflation on revenue and expense trends was explained in Chapters II and III. The causes of increased grants-in-aid expenses also were explained in Chapter III. The general causes of increases in total operating expenses include (1) uncontrollable inflationary effects; (2) expansion of the athletics program by adding more sports, hiring more personnel and allowing more athletes to participate, and (3) increases in the cost of equipment, travel and other services that exceeded changes in the general price level. These causes of increased expenses are quantitatively evaluated for each respondent group.

TABLE 4.10
WOMEN'S BASKETBALL AND PROGRAM ACTIVITY DATA
Fiscal Years 1977-1985
(Dollar Amounts in Thousands)

Basketball Results and Other Program Activity Data	Class A	Class B	Class C	Class D	Class E	Class F
Women's Basketball—Fiscal Year 1985						
Average revenues — 1985	$ 26	$ 11	$ 4	$ 7	$25	$24
Average expenses — 1985	162	46	16	88	66	14
Percentage of total expenses: 1985	25%	30%	21%	38%	39%	31%
1981	17	25	28	32	32	30
Number of Intercollegiate Sports (median)						
Fiscal year 1985	8	7	7	6	5	6
Fiscal year 1981	8	6	8	5	6	5
Fiscal year 1977	8	6	6	4	4	4
Number of Athletes (median)						
Fiscal year 1985	118	102	101	61	70	95
Fiscal year 1981	123	86	102	67	60	80
Fiscal year 1977	114	75	100	50	46	52

Analysis of Significant Factors

Respondents were asked to evaluate the relevance of several factors as potential explanations of increased operating expenses at their institutions. Specifically, they were to indicate each factor that was considered to be significantly responsible for increased annual operating expenses between 1981 and 1985. The following factors were evaluated (Part I, Question No. 9):

a) Increased squad size in one or more major sports.
b) Program expansion into sports not previously offered.
c) Increased number of staff and coaching personnel.
d) Increase in number of grants-in-aid awarded.
e) Increase in annual cost of a full grant-in-aid.
f) Increased base salaries for athletics department personnel.
g) Increased commercial air fares for team travel.
h) Expansion of plant facilities used in athletics program.
i) Increased participation in nonrevenue-producing sports.
j) Increased recruiting costs.
k) Expansion of athletics program for women.

The tabulation below indicates the rank-order sequence of those factors identified by 50 percent or more of the respondents in each class. Rank order was determined by the specific factors that were identified by the largest percentage of responding institutions. Thus, if item (e) was indicated by 100 percent of the Class D respondents, then item (e) would be ranked first by a (1) in the Class D column across from item (e). If an item was indicated by less than 50 percent of the respondents, this condition is noted by (x) in the rank column.

The tabulation shows that less than 50 percent of Class A respondents attributed any significance to factors (a), (b), (d), (h) and (i). Of the factors indicated by more than 50 percent of Class A respondents, item (e) was designated most often, followed by the remaining items as shown by sequence numbers 2, 3, 4 and 5 in the Class A column.

By constructing a rank-value index for each of the causal factors, it is possible to generalize about the combined frequency and rank order of the most important causes of increased annual operating expenses. All respondents were included in this analysis, and the five most significant causes of increased operating expenses between 1981 and 1985 were determined to be:

1. Higher cost of annual grant-in-aid (item e)
2. Expansion of women's athletics program (item k)
3. Increased salaries of personnel (item f)
4. Addition of new sports (item b)
5. Increased recruiting costs (item j)

In addition to evaluating specific factors that caused increased operating expenses, respondents also selected one statement that best described their opinion regarding the significance of increased expenses for athletics programs (Part I, Question No. 10). The response summary at the top of page 60 indicates that most respondents still consider the increasing expenses of athletics programs to be a serious problem. Between 1981 and 1985, there was a significant decrease in the percentage of respondents expressing this "serious problem" opinion. An increased percentage of each respondent group selected Q-10c, "The problem is not of major concern because revenues derived from intercollegiate athletics are not intended to cover all operating expenses." These changes are consistent with the diminished effects of inflation between 1982 and 1985. These changes also are consistent with the fact that numerous policies have been adopted in recent years to control increasing expenses.

Expense Analysis Summary

As a summary of the many cause-and-effect rela-

Causes of Increased Expenses	Rank Order of Factors By Respondent Group					
	A	B	C	D	E	F
a) Increased squad size	x	x	5	x	x	x
b) Addition of new sports	x	x	3	4	4	1
c) More staff personnel	5	x	4	3	x	5
d) More grants-in-aid	x	5	x	8	5	x
e) Higher cost of annual grant	1	1	2	1	1	3
f) Increased salaries of personnel	3	3	x	7	2	4
g) Increased air fares	6	x	x	9	x	x
h) Expanded plant facilities	x	x	x	x	x	x
i) More athletes in nonrevenue sports	x	x	x	6	x	x
j) Increased recruiting costs	2	2	x	5	6	x
k) Expansion of women's program	4	4	1	2	3	2

Opinion Concerning Effect of Increased Expenses	Percentage of Respondents Expressing Opinion					
	A	B	C	D	E	F
Q-10a) Serious, and methods are needed to control expenses						
1985 survey	86%	57%	49%	77%	46%	31%
1981 survey	92	81	48	82	74	47
Q-10b) Not of major concern because revenues have also increased						
1985 survey	6%	0%	0%	0%	4%	4%
1981 survey	3	0	4	0	0	8
Q-10c) Not serious because revenues are not intended to cover all operating expenses						
1985 survey	4%	27%	34%	20%	29%	35%
1981 survey	3	12	24	9	13	13
Q-10d) Not serious and is explained by general inflationary trends						
1985 survey	4%	16%	17%	3%	21%	30%
1981 survey	2	7	24	9	13	32

tionships that contributed to increased operating expenses between 1981 and 1985, it is possible to separate an increase in average expenses into three categories:

1. Expense increase attributed to more athletes, more activity and general program expansion.
2. Expense increase attributed to inflationary effects and uncontrollable price increases related to maintaining existing programs.
3. Expense increase attributed to more goods and services per athlete, general quality improvements and effects of price changes that exceed general inflationary trends.

This process of analyzing the increase in expenses assigns the change in expenses to an activity or expansion factor (1) and to price factors (2) and (3). The number of participating athletes is used as a measure of program activity. Because of the significance of general price-level trends, the effects of inflation are identified separately.

To illustrate the form of analysis employed, the increase in average total expenses of Class A respondents is explained (using information in the summary at bottom of page).

The increase in average total expenses of $1,366,000 is divided into three categories as follows:

1. Effect of more athletes:			
Increase in number of athletes		13	
Expense per athlete in 1981	×	$9,455	$ 123,000
2. Effects of inflation:			
Average expenses in 1981		$3,243,000	
Expected normal increase (1981 . . . 1985)	×	.12	389,000
3. Other price changes:			
Increase in expenses per athlete		$ 3,492	
Number of athletes in 1981	×	356	
Effect of higher per capita expenses		$1,243,000	
Less: effect of inflation per above		389,000	
Inflation-adjusted price effects			854,000
Increase in Average Total Expenses (Class A)			$1,366,000

The measurement techniques demonstrated for Class A produce three effects that explain the increase in average total expenses between 1981 and 1985:

Analysis of Class A Expenses, 1981-1985

Class A Respondents	Fiscal Years 1985	1981	Increase
Average total expenses	$4,609,000	$3,243,000	$1,366,000
Average number of athletes	356	343	13
Operating expenses per athlete	$12,947	$9,455	$3,492
Average GNP index	112%	100%	12%

Summary of Class A Increases

	Amount	Pctg. of Total Change
1. Effect of more athletes, more activity and general program expansion	$ 123,000	9%
2. Effect of inflation and uncontrollable price increases related to maintaining existing programs	389,000	28
3. Effect of more goods and services per athlete, general quality improvements and effects of price changes that exceed general inflationary trends	854,000	63
Increase in average total expenses	$1,366,000	100%
Percentage increase in average expenses	+42%	

The change in average total expenses between 1981 and 1985 for each respondent group is analyzed in Table 4.11. Using the same procedures applied in the Class A illustration, the increase in average total expenses of each respondent group was divided into three categories: program expansion, effect of inflation and price changes exceeding inflationary trends. During the period 1982-1985, the general price level as measured by the average Gross National Product price index increased by 12 percent. In evaluating the change in average total expenses between 1981 and 1985, a normal cumulative increase in operating expenses would be 12 percent of the 1981 amount; this increase would be necessary simply to maintain the existing athletics program at the 1981 level of activity. As shown in Table 4.11, the effect of inflation was responsible for a significant amount of the increase in total expenses for all respondents, ranging from 14 percent for Class D to 45 percent for Class F. The effect of price changes in excess of inflationary trends was the most significant factor for all respondents except Class D and Class F. The effect of program expansion was a significant factor only for Class D.

As a review of revenue and expense relationships, a General Financial Summary for each respondent group is included in Tables 4.12 through 4.17. Significant financial trends, revenue-expense relationships and program activity measures are summarized in one exhibit for each respondent category. The General Financial Summary includes a listing of factors that significantly were responsible for increases in total operating expenses between 1981 and 1985. The qualitative evaluation is based on replies to Questionnaire Part I, Item No. 9. For each respondent group, there is general agreement between the judgment-related explanations and the quantitative analysis of factors that contributed to increased operating expenses.

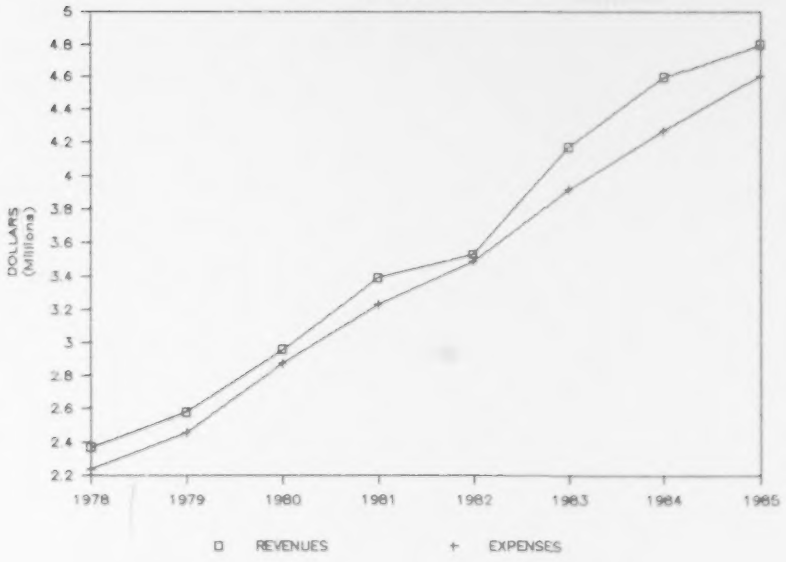
TABLE 4.11
ANALYSIS OF CHANGE IN AVERAGE TOTAL EXPENSES
Between Fiscal Years 1981 and 1985

Factors Explaining Expense Increase	Class A	Class B	Class C	Class D	Class E	Class F
More athletes, more activity, and general program expansion						
Dollar Amount	$ 123,000	$–44,000*	$ 3,000	$105,000	$ 6,000	$ 5,000
Percent of total increase	9%	–13%	3%	42%	3%	13%
Inflationary effects and uncontrollable price increases related to maintaining existing programs						
Dollar amount	$ 389,000	$ 47,000	$30,000	$ 76,000	$ 28,000	$17,000
Percent of total increase	28%	14%	33%	31%	15%	45%
More goods and services per athlete, quality improvements, and effects of price factors that exceed general inflationary effects						
Dollar amount	$ 854,000	$324,000	$57,000	$ 66,000	$152,000	$16,000
Percent of total increase	63%	99%	64%	27%	82%	42%
Increase in average total expenses (100%)	$1,366,000	$327,000	$90,000	$247,000	$186,000	$38,000
Reconciliation of Expense Increase:						
Average expenses in 1985 (000)	$ 4,609	$ 719	$ 339	$ 878	$ 418	$ 182
Average expenses in 1981 (000)	(3,243)	(392)	(249)	(631)	(232)	(144)
Increase in average expenses per above	$ 1,366	$ 327	$ 90	$ 247	$ 186	$ 38
Percentage increase in average expenses	42%	83%	36%	39%	80%	26%

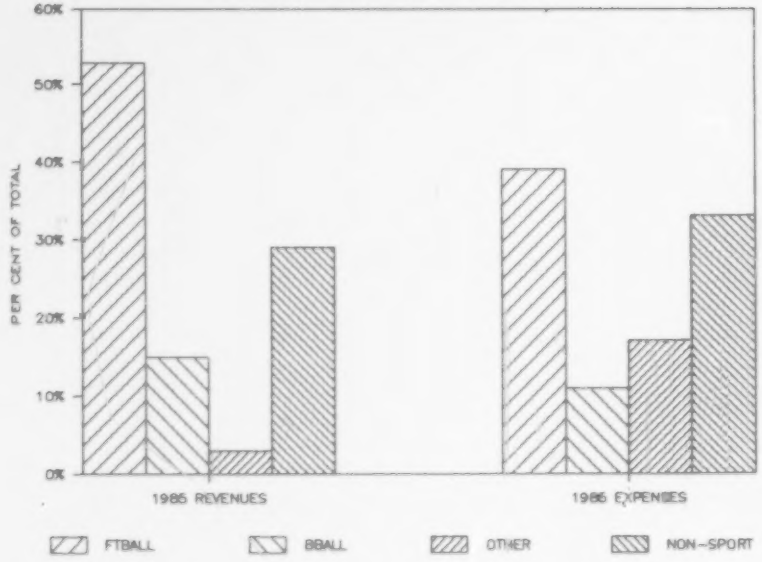
*Expense reduction related to decrease in average number of athletes

TABLE 4.12
GENERAL FINANCIAL SUMMARY
CLASS A RESPONDENTS
(Based on 74% of Members in Class A)

AVERAGE TOTAL REVENUES AND EXPENSES
CLASS A



REVENUES AND EXPENSES
CLASSIFIED BY SPORT — CLASS A



ACTIVITY AND ORGANIZATION MEASURES

Average Number of	1981	1985
Intercollegiate Sports	12	12
Participating Athletes	343	356
Coaching Personnel	19	21
Other Full-Time Personnel	27	29

INSTITUTIONS REPORTING DEFICITS

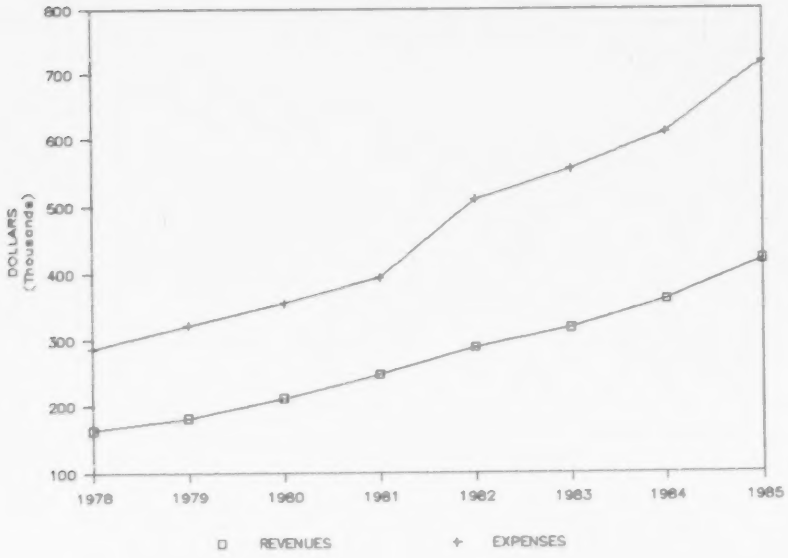
Financial Area	1981	1985
Total Program	40%	42%
Football	39	48
Basketball	50	51

ANALYSIS OF INCREASE IN AVERAGE TOTAL EXPENSES
Between 1981-1985 (Change = 42% Increase)

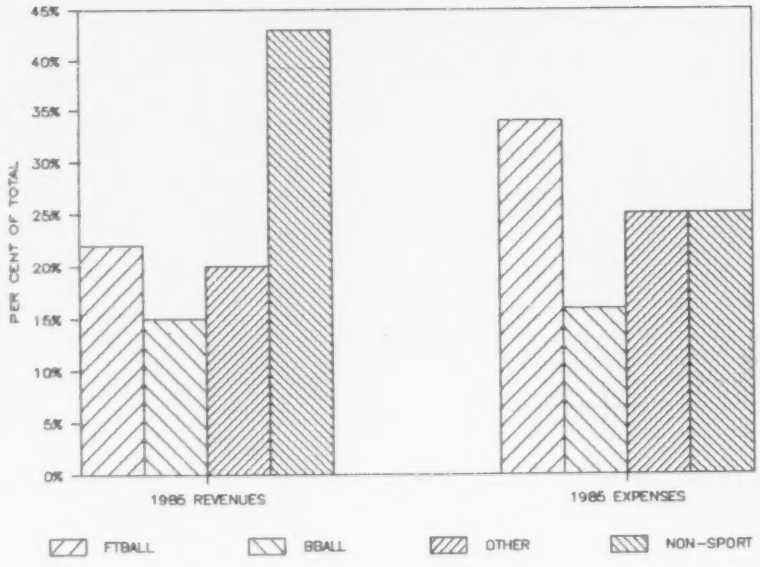
Qualitative Evaluation (Based on Respondents' Opinions) Major Causal Factors	Financial Evaluation (Based on Table 4.11) Cost-Volume Explanation	
1) Higher Cost of Annual Grant-In-Aid	Effect of More Activity and General Program Expansion	9%
2) Increased Recruiting Costs	Effect of Inflation	28
3) Increased Staff Salaries	Effect of Other Price Increases	63
4) Expansion of Women's Program	Total Expense Increase	100%
Summary Limited to Four Most Frequently Ranked Replies		

TABLE 4.13
GENERAL FINANCIAL SUMMARY
CLASS B RESPONDENTS
(Based on 33% of Members in Class B)

AVERAGE TOTAL REVENUES AND EXPENSES
CLASS B



REVENUES AND EXPENSES
CLASSIFIED BY SPORT — CLASS B



ACTIVITY AND ORGANIZATION MEASURES

Average Number of	1981	1985
Intercollegiate Sports	10	10
Participating Athletes	305	271
Coaching Personnel	10	9
Other Full-Time Personnel	5	5

INSTITUTIONS REPORTING DEFICITS

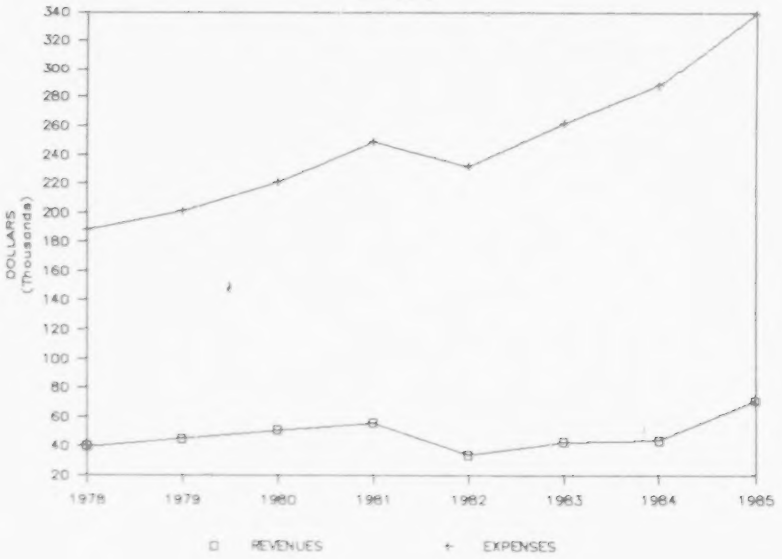
Financial Area	1981	1985
Total Program	72%	75%
Football	85	91
Basketball	85	85

ANALYSIS OF INCREASE IN AVERAGE TOTAL EXPENSES
Between 1981-1985 (Change = 83% Increase)

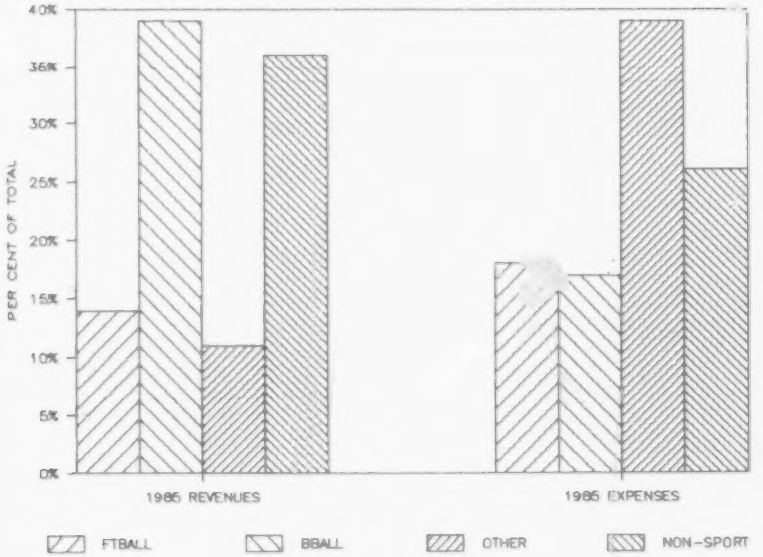
Qualitative Evaluation (Based on Respondents' Opinions) Major Causal Factors	Financial Evaluation (Based on Table 4.11) Cost-Volume Explanation	
1) Higher Cost of Annual Grant-In-Aid	Effect of More Activity and General Program Expansion	13%
2) Increased Recruiting Costs	Effect of Inflation	14
3) Increased Staff Salaries	Effect of Other Price Increases	99
4) Expansion of Women's Program	Total Expense Increase	100%
Summary Limited to Four Most Frequently Ranked Replies		

TABLE 4.14
GENERAL FINANCIAL SUMMARY
CLASS C RESPONDENTS
(Based on 47% of Members in Class C)

AVERAGE TOTAL REVENUES AND EXPENSES
CLASS C



REVENUES AND EXPENSES
CLASSIFIED BY SPORT — CLASS C



ACTIVITY AND ORGANIZATION MEASURES

Average Number of	1981	1985
Intercollegiate Sports	11	12
Participating Athletes	294	297
Coaching Personnel	7	7
Other Full-Time Personnel	4	5

INSTITUTIONS REPORTING DEFICITS

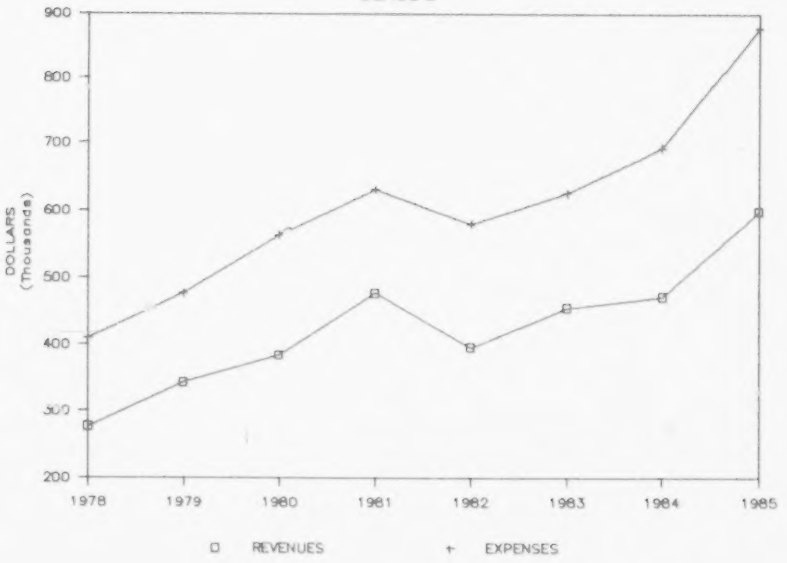
Financial Area	1981	1985
Total Program	94%	92%
Football	97	95
Basketball	95	93

ANALYSIS OF INCREASE IN AVERAGE TOTAL EXPENSES
Between 1981-1985 (Change = 36% Increase)

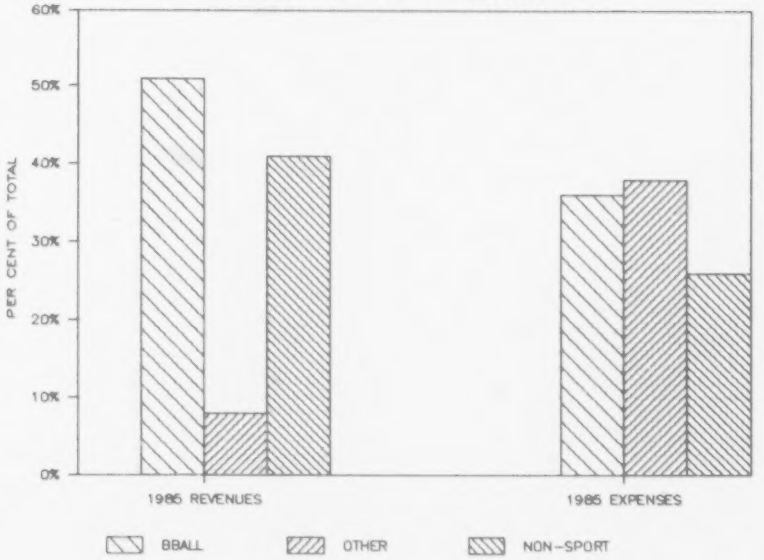
Qualitative Evaluation (Based on Respondents' Opinions) Major Causal Factors	Financial Evaluation (Based on Table 4.11) Cost-Volume Explanation	
1) Expansion of Women's Program	Effect of More Activity and General Program Expansion	3%
2) Higher Cost of Annual Grant-In-Aid	Effect of Inflation	33
3) Addition of New Sports	Effect of Other Price Increases	64
4) More Staff Personnel	Total Expense Increase	100%
Summary Limited to Four Most Frequently Ranked Replies		

TABLE 4.15
GENERAL FINANCIAL SUMMARY
CLASS D RESPONDENTS
(Based on 49% of Members in Class D)

AVERAGE TOTAL REVENUES AND EXPENSES
CLASS D



REVENUES AND EXPENSES
CLASSIFIED BY SPORT — CLASS D



ACTIVITY AND ORGANIZATION MEASURES

Average Number of	1981	1985
Intercollegiate Sports	9	12
Participating Athletes	150	175
Coaching Personnel	8	7
Other Full-Time Personnel	7	8

INSTITUTIONS REPORTING DEFICITS

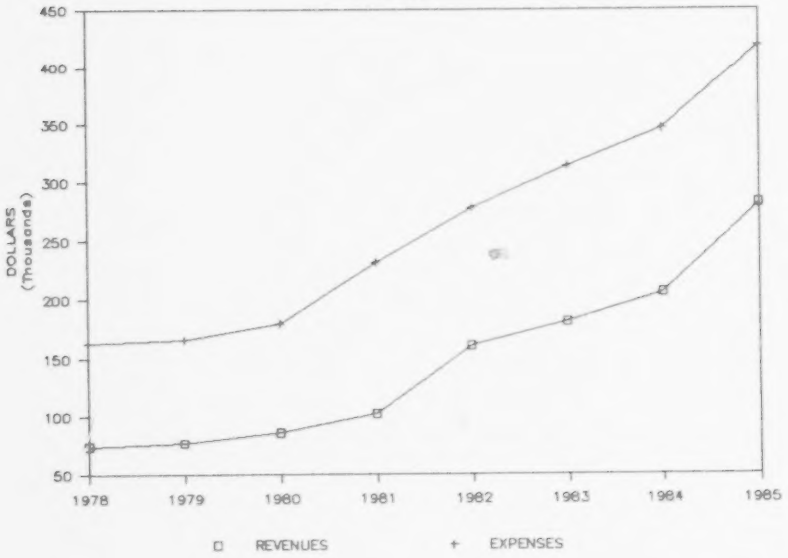
Financial Area	1981	1985
Total Program	70%	61%
Football	NA	NA
Basketball	60	71

ANALYSIS OF INCREASE IN AVERAGE TOTAL EXPENSES
Between 1981-1985 (Change = 39% Increase)

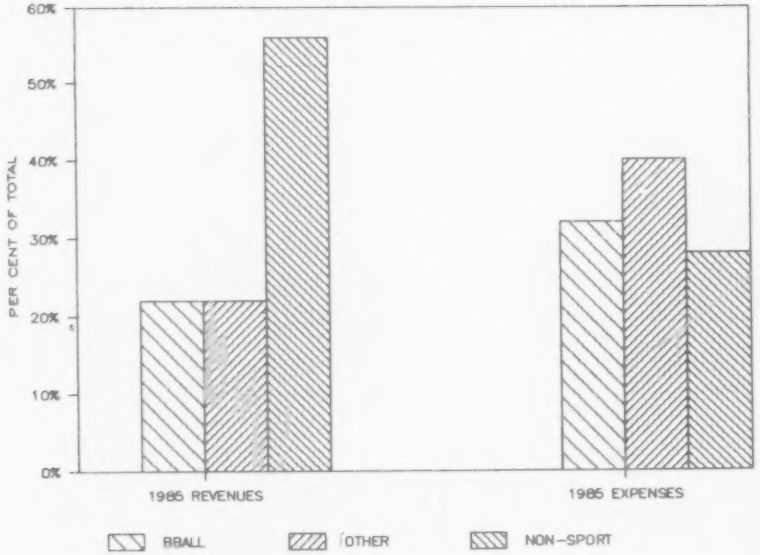
Qualitative Evaluation (Based on Respondents' Opinions) Major Causal Factors	Financial Evaluation (Based on Table 4.11) Cost-Volume Explanation	
1) Higher Cost of Annual Grant-In-Aid	Effect of More Activity and General Program Expansion	42%
2) Expansion of Women's Program	Effect of Inflation	31
3) More Staff Personnel	Effect of Other Price Increases	27
4) Addition of New Sports	Total Expense Increase	100%
Summary Limited to Four Most Frequently Ranked Replies		

TABLE 4.16
GENERAL FINANCIAL SUMMARY
CLASS E RESPONDENTS
(Based on 35% of Members in Class E)

AVERAGE TOTAL REVENUES AND EXPENSES
CLASS E



REVENUES AND EXPENSES
CLASSIFIED BY SPORT — CLASS E



ACTIVITY AND ORGANIZATION MEASURES

Average Number of	1981	1985
Intercollegiate Sports	8	9
Participating Athletes	147	151
Coaching Personnel	5	5
Other Full-Time Personnel	4	5

INSTITUTIONS REPORTING DEFICITS

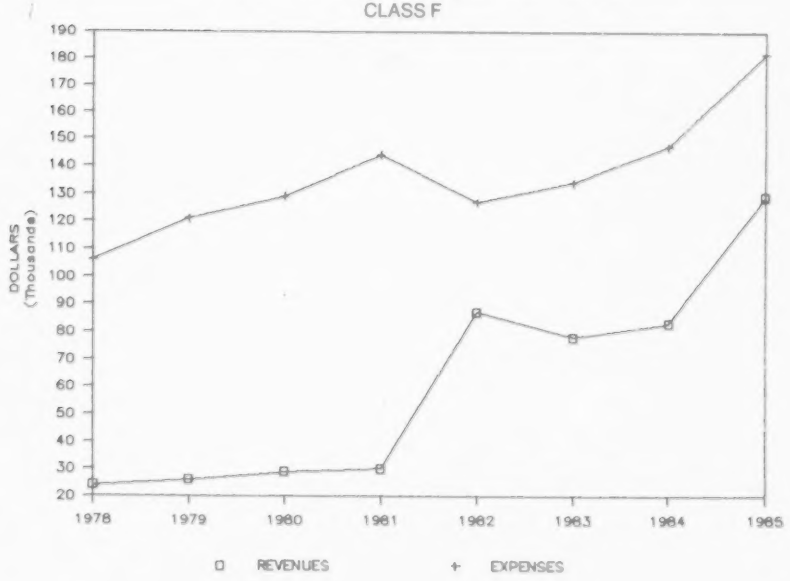
Financial Area	1981	1985
Total Program	69%	58%
Football	NA	NA
Basketball	93	91

ANALYSIS OF INCREASE IN AVERAGE TOTAL EXPENSES
Between 1981-1985 (Change = 80% Increase)

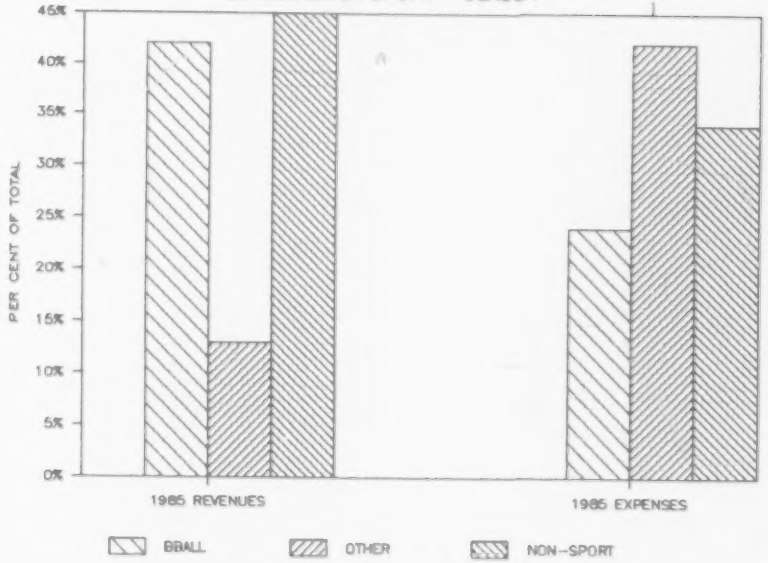
Qualitative Evaluation (Based on Respondents' Opinions) Major Causal Factors	Financial Evaluation (Based on Table 4.11) Cost-Volume Explanation	
1) Higher Cost of Annual Grant-In-Aid	Effect of More Activity and General Program Expansion	3%
2) Increased Staff Salaries	Effect of Inflation	15
3) Expansion of Women's Program	Effect of Other Price Increases	82
4) Addition of New Sports	Total Expense Increase	100%
Summary Limited to Four Most Frequently Ranked Replies		

TABLE 4.17
GENERAL FINANCIAL SUMMARY
CLASS F RESPONDENTS
(Based on 50% of Members in Class F)

AVERAGE TOTAL REVENUES AND EXPENSES
CLASS F



REVENUES AND EXPENSES
CLASSIFIED BY SPORT — CLASS F



ACTIVITY AND ORGANIZATION MEASURES

Average Number of	1981	1985
Intercollegiate Sports	9	10
Participating Athletes	169	175
Coaching Personnel	5	5
Other Full-Time Personnel	5	4

INSTITUTIONS REPORTING DEFICITS

Financial Area	1981	1985
Total Program	71%	68%
Football	NA	NA
Basketball	100	82

ANALYSIS OF INCREASE IN AVERAGE TOTAL EXPENSES
Between 1981-1985 (Change = 26% Increase)

Qualitative Evaluation (Based on Respondents' Opinions) Major Causal Factors	Financial Evaluation (Based on Table 4.11) Cost-Volume Explanation	
1) Addition of New Sports	Effect of More Activity and General Program Expansion	13%
2) Expansion of Women's Program	Effect of Inflation	45
3) Higher Cost of Annual Grant-In-Aid	Effect of Other Price Increases	42
4) Increased Staff Salaries	Total Expense Increase	100%
Summary Limited to Four Most Frequently Ranked Replies		

Sources and Uses of Funds

As a concluding presentation, Table 4.18 summarizes the average sources and uses of funds for athletics programs during fiscal year 1985. Funds (meaning cash) are used to pay operating expenses and debt-service requirements and to acquire capital facilities. The analysis in Table 4.18 deducts from the women's program expenses an estimated amount paid by the men's program. This adjustment is required to eliminate the duplication of expenses that would result if these payments also were included as operating expenses in the men's athletics program. This adjustment assumes that the women's program expenses include the cost of all goods and services used, regardless of the source of funds used to pay those expenses.

Revenues of the men's and women's programs are sources of funds. These revenues include earned amounts such as gate receipts and unearned funds such as contributions. The sources of funds must equal the total amount of funds used. Thus, Table 4.18 shows an item described as "Other Sources of Funds," which is the amount by which average uses of funds exceed the average revenues from men's and women's sports combined. "Other Sources of Funds" is an approximate measure of the financial assistance required from the institution to balance the total budget for an athletics program. For all respondent groups, the average uses of funds exceeded average revenues from men's and women's programs combined during fiscal year 1985.

TABLE 4.18
AVERAGE SOURCES AND USES OF FUNDS FOR AN ATHLETICS PROGRAM
Based on Averages for Fiscal Year 1985
(Dollar Amounts in Thousands)

Average Annual Amount of Funds Used by an Athletics Program:	Class A	Class B	Class C	Class D	Class E	Class F
Operating expenses for women's program	$ 640	$155	$ 65	$ 206	$148	$ 42
Less: Amount paid by men's program	(269)	(9)	(0)	(19)	(0)	(0)
Net expenses for women's program	$ 371	$146	$ 65	$ 187	$148	$ 42
Operating expenses for men's program	4,609	719	339	878	418	182
(a) Capital expenditures and debt-service cost	213	29	14	8	30	4
Total Amount of Funds Used	$5,193	$894	$418	$1,073	$596	$228
Sources of Average Annual Funds Used by an Athletics Program:						
Revenues from men's sports	$4,801	$419	$ 71	$ 598	$282	$129
Revenues from women's sports	129	75	8	18	125	49
(b) Other sources of funds	263	400	339	457	189	50
Total Sources of Funds Used	$5,193	$894	$418	$1,073	$596	$228

(a) Adjusted to a per institution basis to compensate for institutions not reporting this expenditure in 1985.
(b) *Other sources* is a residual amount necessary to balance total sources, which must equal total uses of funds.

APPENDIX A

QUESTIONNAIRE FOR ANALYSIS OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAMS

The questionnaire for this study, which is sponsored by the National Collegiate Athletic Association, consists of four parts:

PART I — *General Information*

PART II — *Organization and Activity Data*

PART III — *Revenue and Expense Information (Men's Program)*

PART IV — *Information Concerning Women's Intercollegiate Sports*

All questions and schedules in this questionnaire, with the exception of Part IV, refer to the men's intercollegiate athletics program. Part IV is the only section involving women's intercollegiate athletics programs.

I. GENERAL INFORMATION

The following questions require a mark (x) to indicate the most suitable response. When more than one response to a question is possible, this condition is clearly indicated. If, for some reason, a question is *not applicable* to your institution, record "NA" in the left-hand margin beside the particular question. All questions should be considered in relation to *intercollegiate athletics* and not physical education, club sports or intramural sports programs. Answer questions based upon your knowledge of intercollegiate athletics at your institution. Do not enter the name of your institution on any of the following pages.

1. Is your institution primarily (more than 50%):

   _____ Government supported _____ Privately financed

2. Do intercollegiate athletics at your institution receive any financial support from a state or other governmental unit?

   _____ Yes _____ No

3. At your institution, do intercollegiate athletics (mark [x] one or more):

   _____ a. Obtain financial assistance from the general operating funds of the institution in deficit years.

   _____ b. Rely upon general operating funds of the institution to absorb certain expenses such as travel and salaries.

   _____ c. Receive financial support from the institution to sustain nonrevenue-producing sports.

   _____ d. Operate on a self-supporting basis within the limits provided by revenues from athletics.

4. Mark (x) the statement below that *best* describes the fiscal objectives of intercollegiate athletics at your institution:

   _____ a. To earn a profit in order to expand the athletics program.

   _____ b. To earn a profit in order to support nonathletics activities sponsored by the institution.

   _____ c. To earn sufficient revenues to cover the expenses of athletics programs.

   _____ d. To earn as much revenue as possible with any deficit in athletics covered by general operating funds of the institution.

5. For your major sports, are admission rights, by ticket or other means, assessed to students on a mandatory basis through fees collected during student registration?

_____ Yes _____ No

6. For your major sports, are season tickets or other rights to admission sold to students on an optional basis only?

_____ Yes _____ No

7. Is some portion of a general activity fee paid by students allotted to the athletics department without entitling students to admission to athletics events?

_____ Yes _____ No

8. Does your institution award grants-in-aid to student-athletes?

(The term "grant-in-aid" refers to any institutionally administered financial aid awarded to a student who has been recruited on the basis of athletic ability, or any athletically related financial aid provided a student-athlete regardless of recruitment.)

_____ Yes _____ No

9. Mark (x) each of the following factors that you believe, since 1981, to be *significantly* responsible for increasing annual operating expenses of the athletics program at your institution:

_____ a. Increased squad size in one or more major sports.

_____ b. Program expansion into sports not previously offered.

_____ c. Increased number of staff and coaching personnel.

_____ d. Increase in number of equivalent full grants-in-aid awarded.

_____ e. Increase in annual cost of a full grant-in-aid.

_____ f. Increased base salaries for athletics departmental personnel.

_____ g. Increased commercial air fares for team travel.

_____ h. Expansion of plant facilities used in athletics program.

_____ i. Increased participation in nonrevenue-producing sports.

_____ j. Increased recruiting costs.

_____ k. Expansion of athletics program for women.

10. Concerning the problem of rising costs of intercollegiate athletics, mark (x) the *one* statement that best describes the nature of this problem at your institution:

_____ a. The problem is serious and methods are needed to control major expenses and to eliminate unnecessary costs.

_____ b. The problem is not of major concern because revenues also have increased in the past few years.

_____ c. The problem is not of major concern because revenues derived from intercollegiate athletics are not intended to cover all operating expenses.

_____ d. The problem is not serious and is adequately explained by reference to general inflationary trends alone.

APPENDIX B

Response Summaries—
Questionnaire for Analysis of Revenues and Expenses
(Part I—General Information)

The following table summarizes replies to Question Nos. 1 through 10 in Questionnaire Part I—General Information (see Appendix A). Replies were tabulated by institutional category and for all respondents collectively. In the following tabulation, percentage factors are additive only within columns. For any particular question, the actual number of replies can be added both vertically and horizontally.

Classification of respondents as *not applicable* was necessary in certain cases. Respondents not awarding grants-in-aid were classified as not applicable for Question Nos. 9d and 9e. Respondents classified as not applicable and those not answering a question were eliminated before computing the percentage response rates for all questions. Thus, the percentage distribution of replies was computed on the basis that applicable respondents constituted 100 percent. For Question Nos. 3 and 9, multiple replies were acceptable; the percentage distribution by respondent category adds to more than 100 percent for these two questions.

QUESTIONNAIRE PART I — GENERAL INFORMATION

Question Number	Answer	Total Response		Class A		Class B		Class C		Class D		Class E		Class F	
		N	%	N	%	N	%	N	%	N	%	N	%	N	%
1	Government	199	49	102	71	29	78	13	14	14	41	15	54	26	38
	Private	207	51	41	29	8	22	82	86	20	59	13	46	43	62
2	Yes	133	33	66	46	23	64	11	12	8	24	12	44	13	19
	No	270	67	77	54	13	36	84	88	25	76	15	56	56	81
3	Indicated (a)	195	48	50	35	17	46	63	66	18	53	13	46	34	49
	Indicated (b)	261	64	65	46	29	78	71	75	21	62	23	82	52	75
	Indicated (c)	234	58	63	44	24	65	64	67	17	50	20	71	46	67
	Indicated (d)	92	23	63	44	8	22	5	5	8	24	3	11	5	7
4	Indicated (a)	26	6	18	13	3	8	0	0	3	9	1	4	1	1
	Indicated (b)	4	1	2	1	1	3	0	0	0	0	1	4	0	0
	Indicated (c)	124	31	81	57	12	32	6	6	12	35	3	11	10	15
	Indicated (d)	252	62	42	29	21	57	89	94	19	56	23	81	58	84
5	Yes	174	44	74	52	20	54	28	30	23	68	12	43	17	26
	No	225	56	68	48	17	46	65	70	11	32	16	57	48	74
6	Yes	113	29	69	49	11	30	10	11	9	27	5	18	9	14
	No	282	71	73	51	26	70	82	89	24	73	23	82	54	86
7	Yes	52	13	36	26	4	11	3	3	2	6	1	4	6	9
	No	348	87	105	74	32	89	91	97	32	94	27	96	61	91
8	Yes	253	62	134	94	34	92	15	16	34	100	28	100	8	12
	No	153	38	9	6	3	8	80	84	0	0	0	0	61	88
9	Indicated (a)	130	32	35	25	13	35	51	54	8	24	4	14	19	28
	Indicated (b)	207	51	47	33	9	24	62	65	25	74	16	57	48	70
	Indicated (c)	238	59	94	66	18	49	53	56	26	80	12	43	35	51
	Indicated (d)	131	52	66	49	19	56	5	33	21	62	16	57	4	44
	Indicated (e)	219	86	122	91	28	82	10	67	31	92	22	79	6	67
	Indicated (f)	260	64	112	78	26	70	43	45	22	65	19	68	38	55
	Indicated (g)	136	34	88	62	10	27	6	6	20	59	6	21	6	9
	Indicated (h)	134	33	55	39	12	32	30	32	12	35	3	11	22	32
	Indicated (i)	181	45	61	43	11	30	46	48	24	71	10	36	29	42
	Indicated (j)	238	59	115	80	27	73	39	41	24	71	14	50	19	28
	Indicated (k)	296	73	110	77	22	66	71	75	30	88	16	57	47	68
10	Indicated (a)	250	62	122	86	21	57	47	49	26	77	13	46	21	31
	Indicated (b)	13	3	9	6	0	0	0	0	0	0	1	4	3	4
	Indicated (c)	87	21	6	4	10	27	32	34	7	20	8	29	24	35
	Indicated (d)	56	14	6	4	6	16	16	17	1	3	6	21	21	30